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3149


to

# First Mortgage Collateral Trust Deed

Dated May 1, 1922

**\$6,000,000**

Twenty Year First Mortgage Collateral  
Sinking Fund Seven Per Cent. Gold Bonds



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**This Indenture** made as of the first day of May, <sup>Parties.</sup> 1922, by and between CANADA STEAMSHIP LINES, LIMITED, a corporation incorporated under the laws of the Dominion of Canada, having its principal office in the City of Montreal, (herein called "Company"), party of the first part, and MONTREAL TRUST COMPANY, a company incorporated by special act of the Legislature of the Province of Quebec, Dominion of Canada, and authorized to carry on business throughout said Dominion under the Provincial Statutes of the respective Provinces of said Dominion, having its principal office in the City of Montreal, (herein called "Trustee"), party of the second part, WITNESSETH:

WHEREAS, the Company was duly incorporated under <sup>Recitals.</sup> the name of "Canada Transportation Lines, Limited", by Letters-Patent issued under Chapter 79 of the Revised Statutes of the Dominion of Canada (1906) known as "The Companies Act", which name was duly changed to the Company's present name by Supplemental Letters-Patent dated October 7, 1913; and

WHEREAS, the directors of the Company are by virtue of said "The Companies Act" amongst other things empowered if authorized thereto by a By-Law sanctioned by a vote of not less than two-thirds in value of the subscribed stock of the Company represented at a general meeting duly called and held for considering the By-Law to borrow money upon the credit of the Company and to cause the Company to create, issue and sell its bonds from time to time for moneys so borrowed and to secure the same by mortgage, pledge or trust deed in the form hereof upon its property hereinafter described; and

WHEREAS, at a meeting of the Directors of the Com-

pany duly called and held on April 24, 1922, a By-Law known as By-Law "F" of the Company was duly enacted authorizing the Directors to create and issue at such time or times as they consider advisable Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent Gold Bonds or bonds of such other designation and description as the Directors may approve for an aggregate amount not exceeding \$6,000,000. par value, payable both as to capital and interest and in whole or in part as the Directors may consider advisable either in Canadian currency or gold, or United States currency or gold, or in both, and to secure same by mortgage, pledge, hypothecation, lien and or transfer of or upon an amount not to exceed \$8,400,000. par value of the Company's First Mortgage 5% Debenture Stock (herein called "Debenture Stock") and/or First Mortgage 5% Bonds, (herein called 5% Bonds) and if the Directors consider advisable of and upon such other assets of the Company as the Directors may consider proper and to sell and dispose of the bonds so created and issued either in whole or in part, at such times and upon such terms and conditions as the Directors may consider proper, and to pledge or hypothecate same, or any part thereof, likewise at such times and upon such terms and conditions as the Directors may consider proper, and upon the release of such bonds to repledge same or dispose of same and otherwise deal with same as fully as if same had not been already issued, and in connection therewith to enter into a trust, deed or deeds with such trustee or trustees as may be chosen for such purpose, said trust deed or deeds to contain such provisions with reference to redemption, sinking fund, release of security pledged and other

matters and such terms and conditions generally as the Directors may likewise consider proper as also to execute such pledges, liens, hypothecations and/or transfers of and upon such Debenture Stock and/or 5% Bonds, or any part thereof, and of and upon such other assets and execute generally such other documents and instruments as may be considered proper in connection with the creation and issue of said bonds and the securing of same in accordance with the terms of said By-Law and of the trust deed or deeds to be entered into, as aforesaid, and generally to do all such matters and things and to authorize the execution of all such deeds and documents as the Directors in their discretion may deem necessary or advisable for the purpose of carrying out and giving effect to the said By-Law "F"; and

WHEREAS, said By-Law "F" was duly sanctioned and confirmed by a vote of not less than two-thirds in value of the subscribed stock of the Company represented at a general meeting of the shareholders of the Company duly called for considering the same by notice specifying the terms of the By-Law as provided by the By-Laws of the Company and the statute in that behalf and held on May 16, 1922; and

WHEREAS, at a meeting of the Directors of the Company duly called and held on May 16, 1922, it was resolved that under and by virtue of the authority conferred upon the Directors by said By-Law "F", the Company do forthwith create, issue and sell its bonds to be known as its Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds (herein called "Bonds") in the aggregate principal amount of \$6,000,000, to be issued in the denominations

of \$1,000, \$500 and \$100, in coupon form, registerable as to principal, to be dated as of May 1, 1922, to be payable May 1, 1942, to bear interest from May 1, 1922 at the rate of 7% per annum, payable semi-annually on May 1 and November 1 in each year, to be payable as to both principal and interest in gold coin of or equal to the standard of weight and fineness existing on May 1, 1922, without deduction for any normal Federal income tax not exceeding 2% in any year and without deduction for any tax of the Dominion of Canada or any province, subdivision or other taxing authority thereof or therein; that the Company upon application reimburse any Bondholder for any Pennsylvania and Connecticut personal property taxes not exceeding four mills per annum on each dollar of principal amount of Bonds held by him which may be legally assessed upon such Bonds or upon such holder by reason of his ownership thereof and paid by him; that the Bonds be redeemable in whole at the option of the Company (and in whole or in part but only for the Sinking Fund) on any semi-annual interest payment date on at least sixty days prior notice to and including May 1, 1925, at 107½% of the principal amount thereof together with accrued interest, and thereafter at 105% of the principal amount thereof together with accrued interest; that the Bonds have the benefit of a semi-annual Sinking Fund in the sum of \$60,000 commencing May 1, 1923, and payable semi-annually thereafter on May 1 and November 1 in each year to be applied to the purchase of Bonds in the open market up to the current redemption price and if Bonds are not so purchasable to be applied to the redemption of Bonds; that an indenture, mortgage or trust deed be entered into between the Company and Montreal Trust Company, as



Trustee, in the form hereof, to secure the Bonds by mortgage, pledge, hypothecation, assignment and transfer of or upon the property hereinafter described; and that the proper officers of the Company do all things expedient or proper to carry out such resolution; and

WHEREAS, the Bonds and interest coupons to be attached thereto and the Trustee's certificate to be endorsed thereon are to be in substantially the following forms, with appropriate insertions, omissions and variations as in this Indenture provided:

No.	[FORM OF BOND]	\$	Form of Bond.
	DOMINION OF CANADA		
	PROVINCE OF QUEBEC		
	CANADA STEAMSHIP LINES, LIMITED		
	Twenty Year First Mortgage Collateral Sinking Fund		
	Seven Per Cent. Gold Bond		

CANADA STEAMSHIP LINES, LIMITED, a corporation incorporated under the Companies Act of the Dominion of Canada, (herein called "Company"), for value received, promises to pay to the bearer, or, if registered, to the registered owner hereof, on May 1, 1942, at the principal office of Bank of Montreal, or its successor, in the City of Montreal in the Dominion of Canada, or, at the option of the bearer or such owner hereof, at the principal office of Bank of Montreal, or its successor, in the City of Toronto in said Dominion, or at the principal office of the Agency of Bank of Montreal, or its successor, in the Borough of Manhattan, in the City and State of New York, United States of America,

dollars, and to pay interest thereon from May 1, 1922, at the rate of seven per cent. per annum.

semi-annually, on May 1 and on November 1, in each year, at any (at the option of the bearer or such owner hereof) of said offices, but only in accordance with the terms and on presentation and surrender of the coupons hereto attached as they severally mature. All payments upon this Bond, both of principal and interest, made in the Dominion of Canada shall be in gold coin of said Dominion of or equal to the standard of weight and fineness existing as at May 1, 1922, and all such payments made in the United States of America shall be in gold coin of the United States of America of or equal to the standard of weight and fineness existing as at May 1, 1922; and all such payments shall be made without deduction for any normal Federal income tax not in excess of two per cent. in any year under any present or future law of the United States of America, and without deduction for any tax, assessment or governmental charge under any present or future law of the Dominion of Canada or any province, subdivision or taxing authority thereof or therein, which the Company, or the Trustee hereinafter mentioned, may be required to pay thereon or to deduct or retain therefrom.

This bond is one of a duly authorized issue of Bonds of the Company known as its Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds (herein called "Bonds"), limited to an aggregate principal amount of \$6,000,000, all of which are issued under and equally and ratably secured by the First Mortgage Collateral Trust Deed, dated as of May 1, 1922, (herein called "Indenture"), made and executed by the Company to Montreal Trust Company, (of Montreal, Canada), as Trustee, (herein called "Trustee"). For a description of the property thereby mortgaged, pledged



and assigned, the nature and extent of the security, and a statement of the rights of the bearer or such owner hereof and the terms and conditions on which this Bond is issued, reference is hereby made to the Indenture, to all the terms and provisions of which the bearer or such owner hereof assents by the acceptance hereof.

As provided in the Indenture, the Company will reimburse to the bearer or such owner hereof any Connecticut and Pennsylvania personal property tax not exceeding four mills per annum on each dollar of the principal amount hereof, which may be legally assessed upon this Bond, or upon the bearer or such owner hereof by reason of his ownership hereof and paid by him, if application therefor be made by him within sixty days after payment of such tax.

The Company will, on or before May 1, 1923, and thereafter semi-annually on or before each May 1 and November 1, in each year, pay to the Trustee, as provided in the Indenture, as and for a Sinking Fund the sum of \$60,000. In the event the Trustee shall cause to be purchased, as provided in the Indenture, any of the property mortgaged, pledged and assigned under the Indenture, the proceeds of such purchase shall be held by the Trustee as and for the Sinking Fund, as provided in the Indenture, in addition to the semi-annual Sinking Fund payment above mentioned. Such Sinking Fund shall be held and applied, as in the Indenture provided, to the purchase of Bonds, if obtainable, at prices up to but not exceeding the price then current for the redemption of the Bonds, as provided in the Indenture, but if Bonds are not so obtainable any accumulations in the Sinking Fund shall be applied

to the redemption of Bonds as provided in the Indenture. The Bonds of this issue at the time outstanding are subject to redemption in whole, at the option of the Company, and in whole or in part for the Sinking Fund herein mentioned, on any semi-annual interest payment date, on at least sixty days prior notice given by publication in said Cities of Montreal and Toronto and in said Borough of Manhattan, City of New York, in the manner provided in the Indenture, to and including May 1, 1925 at 107½% of the principal amount thereof together with accrued interest, and thereafter at 105% of the principal amount thereof together with accrued interest. Bonds purchased or redeemed shall be cancelled and not reissued.

This Bond shall pass by delivery, unless registered, upon payment of charges, in the owner's name on the books of the Company at the principal office of Montreal Trust Company, or its successor, in the City of Montreal in the Dominion of Canada, or at the principal office of Montreal Trust Company, or its successor, in the City of Toronto in said Dominion, or at the principal office of the Agency of The Royal Bank of Canada, or its successor, in the Borough of Manhattan, in the City and State of New York, United States of America, such registration being noted hereon. After such registration, no transfer shall be valid unless made, at one of said offices at which this Bond is expressed to be registerable, by the registered owner, in person or by attorney duly authorized, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer and thereupon transferability by delivery shall be restored; and this Bond may again, from time to time,

be registered or transferred to bearer as before. Such registration shall not affect the negotiability of the coupons, which shall continue to be payable to the bearer thereof and transferable by delivery.

As provided in the Indenture, coupon Bonds of the denomination of \$1,000, \$500 or \$100, at any time outstanding, when surrendered with all unmatured coupons attached and upon the payment of charges, may be exchanged for an equal aggregate principal amount of coupon Bonds of any other denomination of the same issue, of numbers not contemporaneously outstanding, with all unmatured coupons attached.

In case an event of default as defined in the Indenture shall occur, the principal of all the Bonds may become, or be declared, due and payable in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of this Bond or the interest hereon against any stockholder, shareholder, director or officer of the Company, as such, either directly or through the Company, by virtue of any statute or the enforcement of any assessment or otherwise; such liability of stockholders, shareholders, directors or officers, as such, being released by the bearer or such owner hereof by the acceptance of this Bond and being also waived and released by the terms of the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until it shall have been authenticated by the certificate of the Trustee under the Indenture hereon endorsed.

IN WITNESS WHEREOF, CANADA STEAMSHIP LINES, LIMITED has caused this Bond to be signed by its President or a Vice President, and its corporate seal to be hereunto affixed and attested by its Secretary or an Assistant Secretary, and the coupons for said interest authenticated by the facsimile signature of its Treasurer to be attached hereto, all in the City of Montreal, Dominion of Canada, as of the first day of May, 1922.

CANADA STEAMSHIP LINES, LIMITED

By

.....,

Vice President.

Attest:

.....,

Assistant Secretary.

Form of  
coupon.

[FORM OF COUPON]

No.

\$

On the       day of       , 19   , unless the Bond hereinafter mentioned shall have been called for previous redemption, CANADA STEAMSHIP LINES, LIMITED will pay to bearer, at the principal office of Bank of Montreal, or its successor, in the City of Montreal, Canada, or, at the option of the bearer, at the principal office of Bank of Montreal, or its successor, in the City of Toronto, Canada, in gold coin of the Dominion of Canada, or at the principal office of the Agency of Bank of Montreal, or its successor, in the Borough of Manhattan, in the City and State of New York, in United States gold coin, on surrender of this coupon,

dollars, without deduction for any normal Federal income tax not in excess of two per cent. in any year and without deduction for any Canadian taxes, assessments or governmental charges, being six months interest then due on its Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bond, No.

.....,  
Treasurer.

[FORM OF TRUSTEE'S CERTIFICATE]

Form of  
Trustee's  
Certificate.

This is one of the Bonds described in the within mentioned Indenture.

MONTREAL TRUST COMPANY, Trustee,  
By

.....,  
for the Manager.

WHEREAS, the Company has caused to be deposited with the Trustee and hypothecated and pledged under this Indenture as security for the Bonds, \$8,400,000 principal amount of 5% Bonds issued and secured under a Trust Deed dated October 8, 1913 (herein called "Trust Deed of 1913") and made between the Company under its then name of Canada Transportation Lines, Limited, of the one part, and Prudential Trust Company, Limited,

of the other part, and under Trust Deed supplementary to the Trust Deed of 1913, made between the Company, of the first part, said Prudential Trust Company Limited, of the second part and Royal Exchange Assurance (of London), of the third part, dated February 11, 1914, (herein called Supplemental Trust Deed of 1914''), and under a further Supplemental Trust Deed entered into between the Company and said Prudential Trust Company Limited and Royal Exchange Assurance, dated August 14, 1917 (herein called "Supplemental Trust Deed of 1917''), and under a further supplemental Trust Deed entered into between the Company and said Prudential Trust Company Limited and Royal Exchange Assurance, dated August 30, 1921 (herein called "Supplemental Trust Deed of 1921''), which Trust Deed of 1913 and Supplemental Trust Deed of 1914 and Supplemental Trust Deed of 1917 and Supplemental Trust Deed of 1921 are herein collectively referred to as "Trust Deed", and which Prudential Trust Company, Limited and Royal Exchange Assurance are herein referred to as "Trustees under the Trust Deed"; and

WHEREAS, the execution of the Bonds and of this Indenture has in all respects been duly authorized and all things necessary to make the Bonds, when signed and sealed by the Company and authenticated by the Trustee, the valid, binding and legal obligations of the Company, and to constitute this Indenture a valid, binding and legal mortgage and deed of trust and agreement for the security of the Bonds in accordance with its terms, have been done and performed and have happened;

Granting  
clause.

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that said Canada Steamship Lines, Limited, party of the first part, in consideration of the premises and in order to



secure the payment of the Bonds, and the interest thereon, according to the true intent and meaning thereof, and also for and in consideration of the sum of One Dollar to it in hand paid by the Trustee at or before the ensembling and delivery of these presents, the receipt whereof is hereby acknowledged, has mortgaged, hypothecated, pledged, assigned, transferred, and set over, and by these presents does mortgage, hypothecate, pledge, assign, transfer, and set over unto Montreal Trust Company, party of the second part, as Trustee, its successors and associates in the trust and its and their assigns, the following described property:

\$8,400,000 par or principal amount of the Company's <sup>Description of trust estate.</sup> 5% Bonds issued and secured under the Trust Deed (which 5% Bonds are hereinafter sometimes called "trust estate").

TO HAVE AND TO HOLD, all of said trust estate unto the Trustee, its successors and associates in the trust and its and their assigns forever;

BUT IN TRUST, NEVERTHELESS, under and subject to the <sup>Grant in trust.</sup> terms, covenants and conditions hereinafter set forth, for the equal and proportionate benefit and security of all present and future holders of the Bonds and interest coupons issued and to be issued under this Indenture, without preference, priority or distinction of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise, except as otherwise provided in Section 3 of Article IV and Section 1 of Article VI hereof.

AND IT IS HEREBY COVENANTED, DECLARED AND AGREED, by and between the parties hereto, that all such Bonds, with the coupons for interest thereon, are to be issued,

authenticated, delivered and secured, and that the trust estate subject or to become subject hereto is to be held and applied subject to the further covenants and conditions, uses and trusts hereinafter set forth; and the Company, for itself and its successors and assigns, does hereby covenant and agree to and with the Trustee, its successors and associates in the trust and its and their assigns, for the benefit of the bearers, or, if registered, the registered owners, of the Bonds, and bearers of the interest coupons, or any of them, as follows:

## ARTICLE I.

### FORM, EXECUTION, ISSUE AND REGISTRATION OF BONDS.

Amount of  
Bonds.

SECTION 1. The amount of Bonds which may be executed by the Company and which may be authenticated by the Trustee is limited so that at no time shall there be issued hereunder Bonds for an aggregate principal amount exceeding \$6,000,000.

Execution,  
authentic-  
ation, issue  
and delivery.

Forthwith upon the execution and delivery of this Indenture the Company may execute and deliver to the Trustee \$6,000,000 principal amount of Bonds, and without further corporate action on the part of the Company the Trustee shall authenticate said Bonds and deliver the same on the written order of any officer of the Company. All said Bonds may be executed by the Company and authenticated by the Trustee and delivered prior to the registration, recordation or filing of this Indenture or particulars in regard hereto. The Bonds may be issued to such persons and on such terms and either at par or at a discount or at a premium as the Company, or the Board of Directors on behalf of the Company, shall from time to time determine.

Signatures  
of former  
officers.

SECTION 2. The Bonds shall be signed in the name of the Company by its president or a vice-president, and its

corporate seal may be thereto affixed and attested by its secretary or an assistant secretary. In case any one or more officers who shall have signed or sealed any of the Bonds shall cease to be such officer or officers before the Bonds so executed shall have been actually authenticated and delivered by the Trustee, such Bonds may, nevertheless, upon the written order of any officer of the Company be authenticated and delivered, as herein provided, and may be issued as though the persons who signed or sealed such Bonds had not ceased to be such officers of the Company.

The coupons to be attached to the Bonds shall be authenticated by the fac-simile signature of the present or any future treasurer of the Company and the Company may adopt and use for that purpose the fac-simile signature of any person who shall have been treasurer of the Company, notwithstanding the fact that he may have ceased to be such treasurer at the time when such Bonds shall be actually authenticated and delivered.

Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinbefore set forth, duly executed by the Trustee, shall be entitled to any lien or benefit hereunder. No Bond and no coupon thereunto appertaining shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly endorsed on such Bond; and such certificate of the Trustee upon any Bond executed in behalf of the Company shall be conclusive and the only evidence that the Bond so authenticated has been duly issued hereunder and that the holder is entitled to the benefit of the trust hereby created.

Before authenticating or delivering any Bonds, the

Fac-simile  
signature  
on coupons.

Authentica-  
tion of  
Bonds.

Matured  
coupons to  
be cancelled.

Trustee shall cut off, cancel and, upon its written request deliver to the Company, all coupons thereon then matured.

Denomina-  
tions of  
Bonds.

SECTION 3. The Bonds shall be in the denominations of \$1,000, \$500 and \$100, and shall be substantially in the form set out in the recitals to this Indenture. Bonds of the same denomination shall be identical in form. Definitive Bonds for \$1,000 shall be numbered consecutively from M-1 upwards. Definitive Bonds for \$500 shall be numbered consecutively from D-1 upwards. Definitive Bonds for \$100 shall be numbered consecutively from C-1 upwards.

Bonds ex-  
changeable  
for other de-  
nominations.

Coupon Bonds issued under this Indenture of the denomination of \$1,000, \$500 or \$100, at any time outstanding, when surrendered at any of the places at which the Bonds are expressed to be registerable with all unmatured coupons attached and upon the payment of the charges mentioned below, may be exchanged for an equal aggregate principal amount of coupon Bonds of any other denomination or denominations of this issue, of numbers not contemporaneously outstanding, with all unmatured coupons attached.

Every Bond shall have a legend endorsed thereon descriptive of such rights of exchange as aforesaid. In case at any time the registered owner of any registered Bond or Bonds shall surrender such Bond or Bonds for exchange for a Bond or Bonds of another denomination as aforesaid such registered owner shall cause such registered Bond or Bonds to be transferred to bearer prior to any such exchange.

Every such exchange of Bonds of one denomination for Bonds of a different denomination or denominations as provided in this Section 3 shall be effected in such manner as may be prescribed by the Board of Directors, with the approval of the Trustee, or as may be neces-

sary to comply with the rules or regulations of any stock exchange with which such Bonds are listed or to be listed or to conform to usage with respect thereto.

In every case of exchange of Bonds under the provisions of this Section, the Trustee shall forthwith cancel the surrendered Bond or Bonds and coupons and shall deliver the same to the Company upon its request. For any such exchange of Bonds the Company may make a charge sufficient to reimburse it for any stamp tax or governmental charge required to be paid; and in addition may charge a sum not exceeding \$1.00 for each Bond issued upon such exchange.

Any Bond issued hereunder may bear such numbers, letters or other marks of identification or designation, and may be endorsed with such legends and recitals in respect to the Bond or Bonds as may be determined by the Board of Directors of the Company and approved by the Trustee and as may be required to comply with the rules and regulations of any stock exchange with which such Bonds are listed or are to be listed or to conform to the usages with respect thereto, and as may be required by law or otherwise, and, similarly, provision may be made in connection with the Bonds for the reservation of the appropriate numbers or other designating marks of Bonds exchangeable in place of Bonds at any time outstanding as required by such stock exchange rules and regulations, and usage or otherwise.

Identifica-  
tion marks  
and endorse-  
ments.

SECTION 4. The Bonds shall be negotiable and shall pass by delivery, unless registered as to principal in the manner hereinafter provided. The Company, at each of the places at which the Bonds are expressed to be registrable, will keep books for the registration, as to

Registration.



principal only, and for the transfer of the Bonds, as in this Indenture provided. Any Bond may be registered in the owner's name on said books as to principal only, upon presentation thereof at any of said places at which the Bonds are expressed to be registerable, and such registration shall be noted on the Bond. After such registration no transfer shall be valid unless made on said books at one of said places at which the Bonds are expressed to be registerable, by the registered owner, in person or by his attorney duly authorized, and similarly noted on the Bond; but the Bond may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; and such Bond may again and from time to time be registered or be transferred to bearer as before.

Registration of any Bond as to principal shall not, however, affect the negotiability of the coupons appertaining to such Bond, but every such coupon shall continue to be payable to the bearer of such coupon and transferable by delivery merely.

For any such transfer or registration of a Bond the Company may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge that may be imposed thereon and in addition may charge a sum not exceeding \$0.50 for each Bond so transferred or registered.

Registered  
owner.

SECTION 5. As to any Bond registered as to principal, the person in whose name the same shall be registered shall for all purposes be deemed and regarded as the absolute owner thereof, and payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, but such registration may be changed, as hereinbefore provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of



the sum or sums so paid. The Company and the Trustee may deem and treat the bearer of any Bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest on any Bond, whether such Bond shall be registered as to principal or not, as the absolute owner of such Bond or coupon, as the case may be, whether such Bond or coupon shall be overdue or not, for the purpose of receiving payment thereof, and for all other purposes whatsoever, and neither the Company nor the Trustee shall be affected by any notice to the contrary.

SECTION 6. In case any Bond with the coupons there-  
to appertaining, shall become mutilated or be destroyed Mutilated,  
destroyed or  
lost Bonds  
and coupons.  
or lost, the Company may in its discretion issue, and the  
Trustee may thereafter in its discretion authenticate  
and deliver upon the written order of any two officers of  
the Company, a new Bond of like tenor and date (includ-  
ing coupons) in exchange and substitution for the Bond  
or Bonds and coupons mutilated, upon cancellation there-  
of, or in lieu of and in exchange and substitution for  
the Bond or Bonds and coupons destroyed or lost, upon  
the owner filing with the Trustee evidence satisfactory  
to it that such Bond or Bonds and coupons were destroyed  
or lost, and of his ownership thereof, and furnishing  
the Company and the Trustee with indemnity satisfac-  
tory to them.

SECTION 7. Until definitive Bonds can be prepared, Temporary  
Bonds.  
the Company may execute, and the Trustee shall authenti-  
cate and deliver upon the written order of any officer of  
the Company, in lieu of definitive Bonds, but subject to  
the same provisions, limitations and conditions, except  
as to the denominations thereof, one or more tem-

porary typewritten, printed or lithographed Bonds of the denomination of \$100 or any multiple thereof, substantially of the tenor hereinbefore recited, and with one or more or without coupons, and with appropriate omissions, insertions and variations as may be required. When definitive Bonds are prepared and ready for delivery, upon surrender of such temporary Bonds for exchange, at any of the places at which the Bonds are expressed to be registerable, the Company at its own expense shall prepare and execute and, upon cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and deliver in exchange therefor, without further authorization from the Company, definitive Bonds for the same aggregate principal amount as the temporary Bonds surrendered. Until exchanged for definitive Bonds the temporary Bonds shall in all respects be entitled to the same lien and security of this Indenture as the definitive Bonds to be issued and authenticated hereunder. If the temporary Bonds shall be issued without coupons or without all coupons appertaining to the Bonds, interest, when and as payable and for which no coupon shall have been issued with such temporary Bonds, shall be paid upon presentation thereof and notation of such payment shall be endorsed thereon. In case at any time the registered owner of any registered temporary Bond or Bonds shall surrender such Bond or Bonds for exchange for a definitive Bond or Bonds as aforesaid such registered owner shall cause such registered Bond or Bonds to be transferred to bearer prior to any such exchange.

Temporary  
Bonds ex-  
changeable  
between de-  
nominations.

SECTION 8. The holder of any temporary Bond or Bonds, not at the time registered as to principal, or the

holder of any temporary Bond or Bonds registered as to principal providing he shall cause the same to be transferred to bearer prior to the exchange mentioned below, may, at his option, surrender the same, with all then unmatured coupons, if any, appertaining thereto, at any of the places at which the Bonds are expressed to be registerable, for exchange for other temporary Bonds of like aggregate principal amount and thereupon the Company will issue and the Trustee shall authenticate, and, in exchange for the temporary Bond or Bonds with said coupons, if any, so surrendered, shall deliver, without further authorization from the Company, a like aggregate principal amount of temporary Bonds in any denomination or denominations provided for in this Indenture and requested by such holder, with all then unmatured coupons attached thereto to such extent as temporary Bonds are then being issued hereunder with coupons. Every such temporary Bond surrendered in exchange either for other temporary Bonds or for definitive Bonds, shall be forthwith cancelled by the Trustee and delivered to the Company upon the Company's request.

## ARTICLE II.

### SINKING FUND.

SECTION 1. The Company will create and maintain a Sinking Fund to be applied, as hereinafter provided, to the purchase and/or redemption of the Bonds, and for that purpose the Company covenants and agrees that it will on or before May 1, 1923, and thereafter on or before each May 1 and November 1, in each year, pay to the Trustee as and for the Sinking Fund, until all the Bonds

Semi-annual  
payment for  
Sinking  
Fund.

principal and interest shall be paid, the sum of \$60,000, to be applied by the Trustee to the purchase and/or redemption of Bonds as hereinafter provided. The Sinking Fund payments herein required are to be cumulative, and arrears shall be made up by the Company on succeeding Sinking Fund payment dates before any dividend shall be declared or paid on the shares of capital stock of the Company either preferred or common, other than stock dividends.

Application  
of Sinking  
Fund.

SECTION 2. The moneys paid to the Trustee as provided in Section 1 of this Article II and/or any other moneys in the Sinking Fund shall be held by the Trustee and applied by it in the following manner:

Purchase in  
open market.

(a) Immediately upon the receipt of the moneys so paid, or from time to time whenever there shall be moneys in the Sinking Fund available therefor, the Trustee may, and at the request in writing of the Company signed by any two officers thereof shall, purchase for the Sinking Fund in the open market or at private sale or upon any exchange or broker's board as many of the Bonds issued under this Indenture as are obtainable and as can be acquired with the moneys in the Sinking Fund at prices up to and including but not exceeding the then current redemption price of the Bonds as provided in Section 1 of Article III hereof.

or for re-  
demption of  
Bonds.

(b) If, prior to August 25 following any May 1 semi-annual Sinking Fund payment or prior to February 25 following any November 1 semi-annual Sinking Fund payment, there shall not have been purchased pursuant to the provisions of subdivision (a) of this Section, a sufficient amount of Bonds to exhaust all of the

moneys in the Sinking Fund, the Trustee forthwith shall, in the name of and for and on behalf of the Company and at the price, in the manner, with the effect and subject to the provisions of Article III hereof, apply any moneys in the Sinking Fund, not required to pay the purchase price of any Bonds theretofore purchased, to the redemption of Bonds on the next succeeding interest payment date. Any balance left over on account of being insufficient to redeem one Bond shall be held by the Trustee and applied by it together with any Sinking Fund payments later received.

SECTION 3. So long as any of the 5% Bonds and/or Debenture Stock shall be held by the Trustee hereunder as and for the trust estate, and unless and until some one or more of the events of default specified in Section 2 of Article VI hereof shall have happened and be subsisting, and in the event the Company shall at any time and from time to time notify in writing the Trustee that there are moneys on deposit with the Trustees under the Trust Deed as and for a sinking fund applicable to the purchase of 5% Bonds and/or Debenture Stock as provided in the Trust Deed and stating in such notice the approximate amount so on deposit, the Trustee shall forthwith offer any or all of the 5% Bonds and/or Debenture Stock then comprising the trust estate hereunder for purchase by the Trustees under the Trust Deed out of the moneys in the sinking fund under the Trust Deed at the price of at least 100% of the principal or par amount of the 5% Bonds and/or Debenture Stock so offered and in an amount sufficient to substantially exhaust the moneys so stated to be deposited with the Trustees under the Trust Deed, and in the event such offer of the

Additional  
Sinking  
Fund  
through  
purchase of  
trust estate.



Trustee is accepted in whole or in part by the Trustees under the Trust Deed, the Trustee shall surrender to the Trustees under the Trust Deed the 5% Bonds and/or Debenture Stock so purchased upon the receipt of the purchase price therefor, and such purchase price so received shall be held and applied by the Trustee as and for the Sinking Fund under this Indenture in the same manner as the payments required to be made pursuant to Section 1 of this Article, in addition to the Sinking Fund payments required to be made pursuant to said Section 1, and nothing contained herein shall be deemed to relieve the Company of its obligations to make the Sinking Fund payments provided for in said Section 1.

Bonds purchased or redeemed to be cancelled.

SECTION 4. All Bonds, with all unmatured coupons appertaining thereto, purchased or redeemed by the application of moneys in the Sinking Fund shall be cancelled by the Trustee, and delivered to the Company upon its request, and no Bonds shall be issued in lieu thereof.

### ARTICLE III.

#### REDEMPTION OF BONDS.

Bonds redeemable in whole or for Sinking Fund.

SECTION 1. The Bonds secured by this Indenture and at any time outstanding shall be subject to redemption, as provided in Articles II and III hereof, on any semi-annual interest payment date, on at least sixty days prior notice by publication as provided in Section 2 of this Article, to and including May 1, 1925 at 107½% of the principal amount thereof together with accrued interest, and thereafter (that is to say, after May 1, 1925) at 105% of the principal amount thereof together with accrued interest, as follows:

(a) The whole amount of the Bonds at any



time outstanding shall be subject to redemption at the option of the Company.

(b) In case, at any time and from time to time, there shall be moneys in the Sinking Fund provided for in Article II hereof applicable to the redemption of Bonds as provided in subdivision (b) of Section 2 of said Article II, then in such case, (1) if such moneys are sufficient to redeem, at the then current redemption price above mentioned, the whole amount of Bonds then outstanding, the Trustee shall call for redemption the whole amount of Bonds then outstanding, or (2) if such moneys are sufficient to redeem, at the then current redemption price above mentioned, a part only of the amount of Bonds then outstanding, (but sufficient to so redeem at least one Bond of the smallest denomination then outstanding), the Trustee shall designate for redemption, by lot in such manner as it shall determine, a part of the amount of Bonds then outstanding sufficient at the then current redemption price to exhaust all such moneys in the Sinking Fund (but shall not include any fraction of any Bond), and the Trustee shall call such part of the Bonds for redemption.

The redemption price of Bonds presented for redemption in the Dominion of Canada as hereinafter provided, shall be paid in gold coin of said Dominion of or equal to the standard of weight and fineness existing as at May 1, 1922. The redemption price of Bonds presented

for redemption in the United States of America as hereinafter provided, shall be paid in gold coin of the United States of America of or equal to the standard of weight and fineness existing as at May 1, 1922.

Publication  
of notice of  
redemption.

SECTION 2. In case the Company elects to exercise its option to redeem the Bonds as provided in subdivision (a) of Section 1 of this Article the Company shall, or in case there shall be moneys in the Sinking Fund on any February 25 or August 25 in any year applicable to the redemption of Bonds as provided in subdivision (b) of Section 2 of Article II the Trustee shall, at the expense of the Company, give at least sixty days notice thereof by publication in one daily newspaper of general circulation published in the Borough of Manhattan, in the City and State of New York, and in one daily newspaper of general circulation published in the City of Montreal, Canada, and in one daily newspaper of general circulation published in the City of Toronto, Canada, at least once in each calendar week of the sixty days next preceding such redemption date (in each instance on any day of the week, but the first publication shall be at least sixty days prior to and exclusive of the redemption date) stating such election on the part of the Company or that Bonds are to be redeemed by application of moneys in the Sinking Fund, as the case may be, specifying in the case of such redemption for the Sinking Fund the numbers of the Bonds to be redeemed (which numbers, in case of redemption of a part of the Bonds outstanding, shall have been designated by lot by the Trustee previously to the publication of such notice and in such man-

ner as it may determine), and further stating that on such date there will become and be due and payable upon each of the Bonds so to be redeemed, at any of the places at which the same are expressed to be payable, the amount at which Bonds are then redeemable in accordance with Section 1 of this Article, and that from and after such date interest thereon will cease to accrue. The Company or the Trustee, as the case may be, causing such publication, shall also cause a similar notice to be mailed, first class postage prepaid, at least sixty days prior to such redemption date, to each registered owner of Bonds so called for redemption whose address appears on the transfer register, but such mailing shall not be a condition precedent to such redemption, and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of the Bonds.

Notice by  
mail to reg-  
istered  
owners.

SECTION 3. Notice of redemption having been given by publication as provided in Section 2 of this Article, the Bonds so designated for redemption shall on the date designated in such notice become due and payable at the redemption price; and on presentation of the Bonds in accordance with such notice at any of the places at which the same are expressed to be payable, with all appurtenant coupons maturing after said redemption date, the Bonds shall be paid at the redemption price. Such payment of the sum payable for the principal on each Bond and the premium upon redemption, shall be made to the bearer of such Bond unless it shall then be registered, in which case such payment shall be made to the registered owner, but in either case only upon the surrender of such

Payment of  
Bonds on  
Redemption.

Bond with all appurtenant coupons, if any, maturing after said redemption date. All unpaid interest instalments represented by coupons which shall have matured on or prior to the date of redemption specified in such notice shall continue to be payable to the bearers severally and respectively. From and after the date of redemption so designated, unless default shall be made in the redemption of the Bonds so designated for redemption, interest on the Bonds so designated for redemption shall cease and all coupons for interest appertaining to any of such Bonds and maturing after such date shall become and be null and void. If not so paid on presentation thereof the Bonds so designated for redemption shall continue to bear interest at the rate of seven per cent. per annum until paid.

Cancellation  
upon de-  
posit of  
moneys to  
redeem all  
Bonds.

SECTION 4. Upon payment to or deposit with the Trustee as and for the Sinking Fund or otherwise of the amount in money necessary to redeem as provided in this Article all outstanding Bonds, including the premiums as aforesaid and the unpaid interest accrued to the date of redemption, together with proof that notice or notices of redemption of all of the outstanding Bonds have been given by publication as hereinbefore provided or that arrangements have been made insuring to the satisfaction of the Trustee that such notice or notices by publication will be so given, and on payment to the Trustee of all its costs, charges and expenses in relation thereto or otherwise under this Indenture, the Trustee shall cancel and satisfy this Indenture and cause the same, at the expense of the Company, to be released and discharged

of record, and shall assign, transfer and deliver to the Company or upon its order, all of the property hereby mortgaged, hypothecated, pledged, assigned or deposited with the Trustee under the provisions hereof, other than the moneys deposited with the Trustee first above mentioned in this Section 4. The Trustee subject to the provisions of Section 6 hereof shall apply the money so deposited with it to the redemption of the Bonds as provided in this Article III, including the premiums as aforesaid and the unpaid interest accrued to the date of redemption, except that moneys so deposited as and for the Sinking Fund shall be applied in the manner provided for the application of moneys in the Sinking Fund under Articles II and III hereof.

SECTION 5. Upon surrender to the Trustee of the entire issue of Bonds outstanding, and on payment to the Trustee of all its costs, charges and expenses in relation thereto or otherwise under this Indenture, the Trustee shall cancel and satisfy this Indenture and cause the same, at the expense of the Company, to be released and discharged of record, and shall assign, transfer and deliver to the Company, or upon its order, all of the property hereby mortgaged, hypothecated, pledged, assigned or deposited with the Trustee under the provisions hereof.

Cancellation upon  
surrender of  
all outstanding  
Bonds.

SECTION 6. In case the holder of any Bond and/or coupon shall not within six years after the date fixed as aforesaid for the redemption of such Bond and coupons, if any, appertaining thereto demand payment of the amount so deposited for the payment thereof and surrender such Bond and coupons, if any, the

Trustee to  
return all  
deposited  
cash.

Trustee shall, upon demand of the Company, pay over the amount so deposited for the payment thereof to the Company and all liability of the Trustee with reference to such money shall thereupon cease.

Redeemed  
bonds to  
be cancelled.

SECTION 7. All Bonds, with all unmatured coupons appertaining thereto, as and when redeemed and paid shall be cancelled by the Trustee, and delivered to the Company upon its request, and no Bonds shall be issued in lieu thereof.

SECTION 8. The Company shall, any provisions herein to the contrary notwithstanding, have the right to purchase, sell or otherwise deal in Bonds, including the right to offer the same for purchase to the Sinking Fund as provided in Article II hereof.

## ARTICLE IV.

### PARTICULAR COVENANTS BY THE COMPANY.

The Company covenants and agrees as follows:

Company to  
pay princi-  
pal and in-  
terest with-  
out deduc-  
tion.

SECTION 1. That the Company will duly and punctually pay, or cause to be paid, the principal and interest of every Bond, at the dates and places and in the manner mentioned in the Bond or in the coupons thereto attached, according to the true intent and meaning thereof, without deduction for any normal Federal income tax not in excess of two per cent in any year under any present or future law of the United States of America, and without deduction for any tax, assessment or governmental charge under any present or future law of the Dominion of Canada or any Province, sub-



division or other taxing authority thereof or therein, which the Company (directly, or any office or agency of the Company, including Bank of Montreal, or its successor, in the City of Montreal, Dominion of Canada, and including Bank of Montreal, or its successor, in the City of Toronto, in said Dominion, and including the Agency of Bank of Montreal, or its successor, in the Borough of Manhattan, City and State of New York, United States of America) or the Trustee may be required to pay thereon, or to deduct or retain therefrom; and that the Company will pay each and every such tax, assessment or governmental charge and indemnify and save harmless the Trustee and any such office or agency of the Company in respect of any such tax, assessment or governmental charge for which the Trustee or any such office or agency of the Company may become liable. The interest on the Bonds shall be payable only upon presentation and surrender of the several coupons for such interest as they respectively mature, and such coupons shall be cancelled forthwith upon the payment thereof, and thereupon delivered to the Company at its request.

SECTION 2. That upon written application addressed to the Company at any of the places at which the Bonds are expressed to be payable, the Company will also reimburse at any of said places to any holder or registered owner of Bonds any Connecticut and Pennsylvania personal property tax, under any present or future law of Connecticut or Pennsylvania, not exceeding four mills per annum on each dollar of the principal amount of Bonds held by him, which may be legally assessed upon such Bonds or upon such holder or registered owner by reason

Interest payable only on surrender of coupons.

Company to reimburse holder for any Connecticut and Pennsylvania property tax.

of his ownership thereof, and paid by him; provided that such application shall be made to the Company at any of said places at which the Bonds are expressed to be payable within sixty days after payment of such tax and in any event not later than nine months after such tax shall have become due and payable, and that such application shall set forth the ownership by the applicant of Bonds, together with the number or numbers thereof, the residence of the applicant at the time said tax was assessed against him and that such tax was assessed upon and paid by him because of the ownership by him of such Bonds, and such further facts with respect to the legal liability of such holder to pay such tax as the Company may reasonably require, and provided further that the Company shall not theretofore have paid to the State of Connecticut or to the Commonwealth of Pennsylvania the amount of such tax applicable to such Bonds. The Company shall in no event be liable to reimburse such holder for any interest or penalty assessed upon or paid by him in addition to the amount of such tax or taxes originally assessed.

Company  
not to ex-  
tend time  
for payment  
of coupons.

SECTION 3. That in order to prevent any accumulation of coupons after maturity, the Company will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon appertaining to any Bond, and the Company will not, directly or indirectly, be a party to or approve any such extension by purchasing or funding said coupons, or in any other manner. In case the time for the payment of any such coupons shall be so extended, whether or not such extension be by or with the consent of the Company, such coupons shall not be entitled, in case of default hereunder, to

the benefit of the security of this Indenture, except subject to the prior payment in full of the principal of all the Bonds then outstanding, and of all coupons appertaining to such Bonds, the payment of which shall not have been so extended, with interest at the rate of seven per cent. per annum.

SECTION 4. That at all times until the payment of the principal of the Bonds, the Company will maintain an office or agency in the City of Montreal, in the Dominion of Canada, and an office or agency in the City of Toronto, in said Dominion, and an office or agency in the Borough of Manhattan, in the City and State of New York, where the Bonds and coupons may be presented for payment and reimbursement for taxes obtained, as by their terms and the terms of this Indenture provided, and an office or agency in each of said Cities, subject to the approval of the Trustee, where Bonds may be presented for registration, transfer and exchange and so registered, transferred and exchanged as by their terms and the terms of this Indenture provided, and where notices and demands in respect of the Bonds and coupons or of this Indenture may be served. That from time to time the Company will give notice to the Trustee of the location of any such office or offices or agency or agencies or of any change of location thereof. That until the Trustee shall receive notice of a change as aforesaid or in case the Company shall fail to maintain any such office or offices or agency or agencies or shall fail to give notice of the location thereof or of any change of location thereof, where the Bonds and coupons may be presented for payment and reimbursement for taxes obtained, as by their terms

Company to  
maintain  
agencies in  
Montreal,  
Toronto and  
New York.

and the terms of this Indenture provided, such payment or reimbursement may be had either at the principal office of Bank of Montreal, or its successor, in the City of Montreal, in the Dominion of Canada, or at the principal office of Bank of Montreal, or its successor, in the City of Toronto in said Dominion, or at the principal office of the Agency of Bank of Montreal, or its successor, in the Borough of Manhattan, City and State of New York, United States of America. That until the Trustee shall receive notice of a change as aforesaid or in case the Company shall fail to maintain any such office or offices or agency or agencies or shall fail to give notice of the location thereof or of any change of location thereof, where presentation and demand may be made, and such registration, transfer and exchange may be had, and notices may be served, such presentation and demand may be made, and such registration, transfer and exchange may be had and notice may be served either at the principal office of Montreal Trust Company, or its successor, in the City of Montreal, in the Dominion of Canada, or at the principal office of Montreal Trust Company, or its successor, in the City of Toronto, in said Dominion, or at the principal office of the Agency of The Royal Bank of Canada, or its successor, in the Borough of Manhattan, in the City and State of New York, United States of America. But the Trustee and said offices and agencies, and their successor or successors, shall be under no liability to the Company or to any Bondholder or to any other corporation or person in respect thereof.

Covenant  
that Bonds  
will be valid.

SECTION 5. That the Company is duly authorized under the laws of the Dominion of Canada and all other appli-

cable provisions of law to create and issue the Bonds and to execute this Indenture and to mortgage, hypothecate, pledge, transfer and assign the trust estate hereunder, and that all corporate action on its part for the creation and issue of the Bonds and the execution of this Indenture has been duly and effectively taken and that the Bonds in the hands of holders thereof are and will be valid and enforceable obligations of the Company in accordance with their terms.

SECTION 6. That the 5% Bonds mortgaged, hypothecated and pledged under this Indenture at the time of delivery thereof to the Trustee have been duly and lawfully issued, and that said 5% Bonds are secured by the Trust Deed which is a valid first mortgage or its equivalent (excepting certain mortgages aggregating in value approximately \$476,700 as of May 1, 1922, but as to which certain mortgages there is now and will be kept by the Company specially set aside and deposited with the Trustees under the Trust Deed sufficient moneys for the express purpose and no other purpose of fully and completely satisfying and discharging such certain mortgages) upon all the principal properties of the Company mortgaged or intended to be mortgaged by the Trust Deed, and that said 5% Bonds are valid obligations of the Company and constitute a valid security according to their terms, and that the same are free and clear of all liens, claims and encumbrances of every kind and nature, and that the Company is lawfully possessed of all said 5% Bonds, and is duly authorized to deliver the same to the Trustee and to mortgage, pledge and hypothecate the same here-

Covenant of  
title to trust  
estate.



under. and that this Indenture is and always will be kept a first mortgage and lien upon all the trust estate hereby mortgaged, hypothecated and pledged, or agreed or intended so to be, and that the Company will not voluntarily create, or suffer to be created any debt, lien or charge which would be prior to the lien of this Indenture upon the trust estate, or any part thereof, or upon the interest thereon, and will promptly pay and discharge every obligation for which any lien upon the trust estate prior to the lien of this Indenture exists or could be created; provided that nothing contained in this Section 6 shall require the Company to pay any alleged debt, lien or charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, unless thereby in the opinion of the Trustee or of counsel selected or approved by the Trustee, the rights and security of the holders of bonds secured hereby shall be materially endangered.

Covenant of  
further  
assurance.

SECTION 7. That at any and all times the Company will do, execute, acknowledge and deliver, or will cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, conveyances, mortgages and transfers and assurances in law as the Trustee shall reasonably require, for the better assuring, mortgaging, hypothecating, pledging, assigning and confirming unto the Trustee all and singular the trust estate and property hereby mortgaged, hypothecated, pledged or assigned, or intended so to be.



SECTION 8. That the Company from time to time will <sup>Company to pay taxes.</sup> pay and discharge all taxes, assessments and governmental charges which shall be lawfully imposed upon the Company, or upon the trust estate at any time subject to the lien of this Indenture, or upon the property subject to the lien of the Trust Deed, or upon any part thereof, or upon the interest, income and profits thereof, as well as all lawful claims for labor, materials and supplies, which if unpaid, might by law become a lien or charge upon the trust estate, or upon the property subject to the lien of the Trust Deed, or any part thereof, the lien of which would be prior to the lien hereof, or of the Trust Deed, as the case may be, so that the priority of this Indenture and of the Trust Deed shall be fully preserved and that the Company will not create or suffer to be created any mechanic's, laborer's or other lien or charge whatsoever upon the trust estate or upon the property subject to the lien of the Trust Deed, or any part thereof, or upon the interest, income and profits thereof, which might or could be prior to the lien of this Indenture, or of the Trust Deed, as the case may be, or do or suffer any matter or thing whereby the lien of this Indenture or of the Trust Deed might or could be impaired.

Nothing in this Section contained shall require the Company to pay any such tax, assessment or charge or any claim which might be used as the basis of lien or charge so long as the Company in good faith shall contest the validity thereof.

SECTION 9. That the Company will at all times take or <sup>Company to preserve rights and franchises.</sup> cause to be taken all such action as from time to time may be necessary to preserve the corporate existence and corporate rights and franchises of the Company, and will duly procure all renewals and extensions thereof,

and will diligently preserve all the rights, powers, privileges and franchises and good will held by it, and will carry on and conduct the business of the Company in a proper and efficient manner, and will comply with such statutes and laws in all places in which it shall do business as it shall be advised by counsel learned in the law it should comply with in order fully to be authorized to conduct such business.

Company  
not to de-  
fault under  
any lease  
subject to  
mortgage.

SECTION 10. That the Company, from time to time, will punctually observe and perform all of its obligations, and will pay and discharge all amounts payable, under or by virtue of any lease of property, the leasehold interest in which is, or shall hereafter become, subject to the lien of the Trust Deed, and will not suffer or permit any default for which any such lease might be terminated, so that the interest of the Company in any such leasehold estate may be at all times preserved unimpaired as security for the trust estate; provided, however, that nothing contained in this Section shall require the Company to make any such payments or to observe any such obligations, so long as it shall in good faith contest its liability therefor.

Company to  
register this  
Indenture  
and other  
instruments.

SECTION 11. That the Company will cause this Indenture and every additional instrument which shall be executed pursuant to the foregoing provisions and all particulars of the mortgage or charge hereby created and all instruments, matters and things, forthwith upon execution hereof to be recorded, filed and/or registered, and will pay any mortgage recording tax or other tax legally due upon such recording, filing and/or registering, and will punctually and fully comply with the re-

quirements of any and every mortgage recording tax law or other law affecting the due recording, filing and/or registering as aforesaid, in such manner as may be necessary fully to preserve, continue and protect the security of the Bonds, the superior lien of this Indenture on the trust estate and the rights and remedies of the Trustee, and will similarly preserve, continue and protect the security of the trust estate, the superior lien of the Trust Deed on the property subject or intended to be subject to the lien of the Trust Deed, and the rights and remedies of the Trustees under the Trust Deed.

SECTION 12. That the Company will at all times maintain, preserve and keep its vessels and properties and every part thereof, in good repair, working order and condition, and will from time to time make all needful and proper repairs, renewals, replacements, additions, betterments and improvements thereto, so that the business carried on in connection therewith, and every portion thereof, may at all times be properly and advantageously conducted. Company to maintain properties in good repair.

SECTION 13. That policies for all insurance which the Company has covenanted in the Trust Deed to keep shall be made payable to the Trustees under the Trust Deed as their interest may appear, whether heretofore or hereafter issued, provided that in the case of Marine Insurance Policies the insurance or proceeds thereof shall only be payable to the Trustees under the Trust Deed in respect of losses constituting total losses and/or constructive total losses, all to the extent that the same may be done without violating the provisions of the Trust Deed. Company to insure properties.

Dividends payable only out of earnings accruing subsequent to January 1, 1922.

SECTION 14. That the Company will not declare or pay any dividends (except stock dividends) on any of the capital stock of the Company at any time outstanding, except out of surplus current earnings accruing subsequent to January 1, 1922, and remaining on hand after deducting all operating expenses and fixed charges, including in such operating expenses taxes, insurance, rentals and reasonable expenditures for repairs and maintenance, and including in such fixed charges interest upon all funded and all unfunded debt. The term "surplus current earnings" as used in this Section 14, shall not be deemed to include unrealized appreciation in value of real estate, vessels, plants, machinery, equipment or other capital assets.

Company not to dispose of mortgaged property unless released.

SECTION 15. That the Company will not, so long as any of the Bonds shall be outstanding, sell or otherwise dispose of any of its vessels, real estate or other property now or hereafter subject to the lien of the Trust Deed, unless the property so sold or otherwise disposed of shall previous to such sale or other disposition or coincident therewith be released from the lien of the Trust Deed as therein provided.

After acquired property to be made subject to lien of Trust Deed.

SECTION 16. That the Company will promptly and duly execute and deliver or cause to be duly executed and delivered and filed, recorded and/or registered all supplements to the Trust Deed, or other instruments, satisfactory in form to the Trustees under the Trust Deed and which may be necessary, or which the Trustee under this Indenture or the Trustees under the Trust Deed shall reasonably request to be executed and delivered, and filed, recorded and/or

registered, and other things to be done, in order to make subject to the mortgage and lien of the Trust Deed securing the Debenture Stock and/or 5% Bonds all property now owned or which may be hereafter acquired, directly or indirectly, by the Company and which is not now or which would not otherwise become subject to the mortgage and lien of the Trust Deed.

SECTION 17. That the Company hereby renounces the right granted in, under and by virtue of the Trust Deed to issue from time to time and at any time Debenture Stock and/or 5% Bonds secured under and by virtue of the Trust Deed in excess of \$13,675,466. par or principal amount, being the aggregate amount of Debenture Stock and/or 5% Bonds issued and outstanding and to be issued in exchange for Debenture Stock and/or Bonds outstanding under and in accordance with the Trust Deed, and that no further issues of Debenture Stock and/or 5% Bonds in excess of \$13,675,466. par or principal amount will be made under the terms of said Trust Deed or be secured by mortgage ranking *pari passu* with the mortgages constituted by and under the provisions of the Trust Deed, and declares that by the terms of the Trust Deed it has in pursuance and fulfillment of the covenants and agreements by it entered into and in favor of the Trustees under the Trust Deed closed the mortgage, pledge and hypothecation securing the Debenture Stock and/or Bonds at the sum of \$13,675,466. par or principal amount, and that it will adopt and enact all such resolutions and by-laws and generally do all such matters and things as may be required or considered advisable by the Trustee under this Indenture and the Trustees under the Trust Deed in order legally and effectively to close said mortgage at said sum of \$13,675,466. par or principal amount to the

Trust Deed  
closed at  
\$13,675,466.



satisfaction of the Trustee under this Indenture and the Trustees under the Trust Deed.

Company  
not to de-  
fault under  
Trust Deed.

SECTION 18. That the Company will pay (except as provided in Section 3 of Article V hereof) the instalments of principal and interest on all the Debenture Stock and 5% Bonds from time to time outstanding, when the same shall become due and payable, and will not, directly or indirectly, extend or assent to the extension of the time for payment of any such instalment of interest or principal, and will not, directly or indirectly, be a party to or approve any such extension by purchasing or refunding said instalments of interest or principal or in any other manner, and will duly and punctually carry out and perform each and every agreement, covenant, condition and provision to be performed by it as and when and in the manner provided in the Trust Deed and in the Debenture Stock and/or 5% Bonds, and will not permit the same to be in default in any respect, and in case any such default shall occur or exist then the Trustee may in its discretion and shall upon the request in writing by the holders of one-fourth in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with the provisions contained in the schedule hereto attached, marked Schedule A and by reference made a part hereof, (herein called "Schedule A"), and for and in behalf, in the name and at the expense of the Company, remedy any such default or defaults, without any impairment of or prejudice to the rights of the Trustee or the Bondholders under this Indenture, and the Company will on demand pay to the Trustee all sums expended by the Trustee for such purposes, with interest thereon at the rate of seven per cent.



per annum from the date of such expenditures, respectively, and the Trustee shall have a lien for such expenditures and interest upon any funds held by it hereunder and upon the trust estate and upon the proceeds thereof in priority to the Bonds, but the Trustee shall not be under any obligation to remedy any such default or defaults unless first fully indemnified to its satisfaction against the expense thereof or furnished with means therefor by one or more of the Bondholders, together with all loss or damage which it may incur by reason thereof.

SECTION 19. That the Company will at all times keep <sup>Company to keep proper books.</sup> proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the vessels, properties, business and affairs of the Company, which at all reasonable times shall be open to the inspection of the Trustee, or any person, firm or corporation designated in writing from time to time by the Trustee, or of or by its successors. The Trustee, if requested in writing by the holders of at least one-fourth in amount of the Bonds then outstanding, or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, shall cause the books and accounts of the Company to be examined by an accountant selected by the Trustee and that the Company will pay the expense of any such examination.

## ARTICLE V.

### PROVISIONS AS TO TRUST ESTATE.

SECTION 1. All 5% Bonds and/or Debenture Stock <sup>Trust estate to be delivered to</sup> which are now or may at any time be or become subject

Trustee with instruments of assignment. to the lien of this Indenture (either in temporary or permanent form) shall be delivered to and held by the Trustee, and shall, at the time of delivery to the Trustee, be accompanied by proper instruments of assignment to the Trustee or in blank and powers of attorney for their transfer to the Trustee or in blank, duly executed by the record or registered owner thereof, and also by any transfer stamps or taxes required by law to effect the transfer thereof.

Trustee may have trust estate transferred to its own name. SECTION 2. At any time the Trustee may cause to be registered in or transferred into its name, as Trustee hereunder, all or any of the trust estate delivered to the Trustee; or in the discretion of the Trustee it may hold any such trust estate in bearer form or in the name of the record or registered owner thereof at the time of such pledge, or in the name of a nominee of the Trustee, *provided* that the same unless in bearer form be endorsed in blank for transfer, or be accompanied by proper instruments of assignment in blank duly executed by such record or registered owner or nominee.

Interest not payable on trust estate. SECTION 3. Unless and until some one or more of the events of default specified in Section 2 of Article VI hereof shall have happened and be subsisting, the Company shall, notwithstanding any of the trust estate is registered in the name of the Trustee, be under no obligation to make any payment to the Trustee with respect to interest on the trust estate and the Company, from time to time, shall be entitled to receive and collect all interest that may be paid on any of the trust estate which may at any time be pledged hereunder, and the Trustee, whether or not any of the

trust estate be then registered in its name, on written demand of the Company, from time to time, shall deliver to it suitable assignments and orders for the payment to it of all such interest as from time to time may become payable on such trust estate and the Trustee, from time to time, upon written demand of the Company, shall pay over to it any and all sums which may be received or collected by it for interest upon the trust estate.

SECTION 4. So long as any of the Bonds shall remain outstanding, the Company shall have no voting rights and powers with respect to any 5% Bonds and/or Debenture Stock hypothecated and pledged with the Trustee under this Indenture and all such voting rights and powers shall so long as the Bonds remain outstanding be absolutely vested in the Trustee, and the Company shall make and deliver or cause to be made and delivered to the Trustee or to its nominee or nominees suitable powers of attorney or proxies to vote upon any of the trust estate which may at any time be recorded or registered in the name of the Company or its nominees or to give consents in respect thereto, and the Trustee may at its discretion, and upon the request in writing of the holders of one-fourth in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A shall in accordance with and as directed by such writing or resolution, exercise such voting rights and powers, directly, or by or through nominee or nominees, substitute or substitutes, proxy or proxies, attorney or attorneys, or otherwise, providing that the Trustee shall be under no obligation under this Section 4 unless and un-

Trustee has  
voting rights  
of trust  
estate.

til it shall have been indemnified to its satisfaction against all expense, loss or damage which the Trustee may incur in connection therewith.

Company may be given voting rights under trust estate. VI hereof shall have happened and be subsisting, the Trustee may in its discretion, and upon request in writing of the holders of a majority in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A shall, confer on the Company any or all such voting rights and powers hereinbefore mentioned in this Section 4 with the same force and effect as though the trust estate were not subject to this Indenture, and for such purpose the Trustee shall make and deliver or cause to be made and delivered to the Company or to its nominee or nominees suitable powers of attorney or proxies to vote upon any of the trust estate which may at any time be recorded or registered in the name of the Trustee or its nominees or to give consent in respect thereof, but every power of attorney or proxy given to the Company or its nominee or nominees shall, either (a) be limited so as expressly to authorize only the casting of a vote or votes or the giving of a consent or consents for a purpose or purposes stated in the power of attorney or proxy which shall be not inconsistent with the provisions of this Indenture, or (b) bear on its face substantially the following statement: "The powers hereby conferred shall not be exercised for any purpose inconsistent with the provision of the First Mortgage Collateral Trust Deed of Canada Steamship Lines, Limited, dated as of May 1, 1922", whichever such alternative

either (a) or (b), the Bondholders may designate in such request in writing or resolution, or, in the absence of designation the Company may select. An opinion of counsel (who may be of counsel for the Company) shall be furnished to the Trustee stating that the purpose or purposes expressed in any power of attorney or proxy for the purposes for which the same is given, which the Trustee is requested to give in the form authorized by the foregoing clause (a), are not inconsistent with the provisions of this Indenture, shall be full protection to the Trustee in giving such power of attorney or proxy.

SECTION 5. (1) Unless and until some one or more of <sup>Surrender of</sup> the events of default specified in Section 2 of Article VI <sup>trust</sup> hereof shall have happened and be subsisting, (a) in case <sup>estate.</sup> and when and as Bonds are purchased for the Sinking Fund and surrendered to the Trustee for cancellation as provided in Article II of this Indenture and/or (b) in case and when and as there shall be moneys in the Sinking Fund or on deposit with the Trustee applicable to the redemption of Bonds as provided in Articles II and III of this Indenture, including the premiums as provided in said Article III in case of redemption and the unpaid interest accrued to the date of redemption, and the Trustee shall be furnished with proof insuring to its satisfaction that notice or notices of redemption of the amount of Bonds so redeemable have been given by publication as provided in Article III or that arrangements have been made that such notice or notices by publication will be given, the Trustee in either or both of such cases (a) and (b), upon full payment of



all its costs, charges and expenses in relation thereto or otherwise under this Indenture, shall surrender and assign, transfer and deliver to the Company or upon its order, freed and discharged of the pledge and charge contained in this Indenture except as hereinafter in this Section 5 provided, 5% Bonds and/or Debenture Stock, as the Trustee may determine, pledged and hypothecated with it hereunder, in a principal or par amount substantially equal to but not exceeding 140% (subject to the provisions of paragraph 11 of this Section 5) of the principal amount of Bonds so purchased and/or redeemable, accompanied by proper instruments of assignment or powers of attorney for their transfer to the Company, duly executed by the Trustee or its nominee in whose name the same may at the time be registered, but any transfer stamps or taxes required by law to effect the transfer thereof shall be paid by the Company. Provided, however, that the 5% Bonds and/or Debenture Stock surrendered from time to time to the Company in accordance with the provisions of this paragraph (1) shall be applied by the Company in one of the following two ways and not otherwise:

(A) As soon after such surrender of 5% Bonds and/or Debenture Stock to the Company pursuant to this paragraph (1) as the Company shall have notice that there are funds or moneys in the sinking fund under the Trust Deed applicable to the purchase of 5% Bonds and/or Debenture Stock and in any event not later than one year next following each such surrender of 5% Bonds and/or Debenture Stock, the Company may offer any 5%



Bonds and/or Debenture Stock so surrendered to it in accordance with the provisions of this paragraph (1) for purchase out of the funds or moneys in the sinking fund under the Trust Deed in competition with any other holders of 5% Bonds and/or Debenture Stock who may make offerings for the purchase of their 5% Bonds and/or Debenture Stock out of the sinking fund under the Trust Deed, and the Company shall in such offer describe the 5% Bonds and/or Debenture Stock so offered by numbers and amounts or in such other manner as may clearly identify the same and shall also state in such offer that the 5% Bonds and/or Debenture Stock so offered were surrendered to the Company under and pursuant to this Section 5 and the date of such surrender, and the Company shall forthwith deliver to the Trustee under this Indenture a copy of such offer. In the event such offering of the Company is accepted by the Trustees under the Trust Deed the 5% Bonds and/or Debenture Stock so offered by the Company shall be sold by it and surrendered to the Trustees under the Trust Deed subject to the provisions of the Trust Deed.

(B) The Company shall forthwith surrender to the Trustees under the Trust Deed and cause to be cancelled and not to be reissued all 5% Bonds and/or Debenture Stock surrendered to it by the Trustee in accordance with the provisions of this paragraph (1), (1) which the Company shall have had the opportunity to offer to the Trustees under the Trust Deed in accordance with the provisions

of subdivision (A) of this paragraph (1) but which the Company shall not have so offered within the time mentioned in said subdivision (A), and/or (2) which the Company shall have once so offered to the Trustees under the Trust Deed but which shall not have been purchased by the Trustees under the Trust Deed upon such offer.

(II) Provided, however, that in determining the afore-said 140% in 5% Bonds and/or Debenture Stock to be surrendered and assigned, transferred and delivered to the Company or upon its order in accordance with the provisions of paragraph (1) of this Section 5, credit shall be taken for any 5% Bonds and/or Debenture Stock theretofore surrendered to the Trustees under the Trust Deed pursuant to Section 3 of Article II hereof, so that there shall be at all times subject to the lien of this Indenture for the security of the Bonds an aggregate principal or par amount of 5% Bonds and/or Debenture Stock equal to at least 140% of the aggregate principal amount of Bonds from time to time outstanding, less the aggregate principal amount of Bonds, moneys and provision for the redemption of which shall then be subsisting as provided in (b) of paragraph (1) of this Section 5.

(III) All 5% Bonds and/or Debenture Stock surrendered to the Company under the provisions of paragraph (1) of this Section 5 shall before being so surrendered be stamped by the Trustee across the face thereof with a stamp reciting the date of such surrender and that the same are subject to the provisions of this Section 5, such stamp to be substantially in the following form:

This Bond was surrendered, upon the date of this endorsement recited below, to Canada Steamship Lines, Limited, under and pursuant to Section 5 of Article V of a certain First Mortgage Collateral Trust Deed between Canada Steamship Lines, Limited and Montreal Trust Company as Trustee dated May 1, 1922 and is subject to application by Canada Steamship Lines, Limited as in said Section provided and not otherwise.

Dated

MONTREAL TRUST COMPANY.

SECTION 6. In case all of the 5% Bonds and/or De- <sup>Redemption</sup>  
 benture Stock at any time comprising the trust estate <sup>of trust</sup>  
 under this Indenture shall be redeemed by the Company <sup>estate.</sup>  
 in accordance with the provisions of the Trust Deed, then in such case the Trustee shall surrender the 5% Bonds and/or Debenture Stock so called for redemption upon the receipt of the redemption price therefore as provided in the Trust Deed, and such redemption price of said 5% Bonds and/or Debenture Stock shall be held hereunder by the Trustee as the trust estate and as security for the Bonds in lieu of the 5% Bonds and/or Debenture Stock so redeemed, but the Trustee is hereby expressly authorized and empowered from time to time to invest and reinvest and keep invested any or all such redemption price of said 5% Bonds and/or Debenture Stock, and any or all of the proceeds thereof or of such investment or reinvestment, in any securities or property of any kind or description whatsoever, without any restriction whatsoever by statute, law or otherwise, as to the character of investments or otherwise, and the Trustee shall not be held responsible for any deprecia-

tion in value of the trust estate by reason of anything done by it hereunder. Unless and until some one or more of the events of default specified in Section 2 of Article VI hereof shall have happened and be subsisting any and all interest and other earnings upon such redemption price of said 5% Bonds and/or Debenture Stock, or any investment or reinvestment thereof, shall upon the receipt by the Trustee of such interest and other earnings be immediately paid over by the Trustee to the Company and the Company's receipt therefor shall be sufficient discharge to the Trustee.

(a) In the event at any time such redemption price of said 5% Bonds and/or Debenture Stock shall be held by the Trustee in the form of money and shall be sufficient in amount to redeem all of the Bonds then outstanding in the manner provided in Article III hereof, the Company may notify the Trustee that it has exercised its option pursuant to subdivision (a) of Section 1 of Article III hereof to redeem the whole amount of Bonds outstanding as of the next semi-annual interest date at which such redemption may be had, and such money shall thereupon be held and applied by the Trustee in the redemption of the Bonds as provided in Article III hereof; or

(b) In the event such redemption price of said 5% Bonds and/or Debenture Stock shall be held by the Trustee in whole or in part in any form other than money, the Trustee shall notify the Company within a reasonable time after request in writing by the Company to the Trustee to be advised whether or not in the opinion of the Trustee such investment is convertible into money suf-

ficient in amount (when added to the part, if any, of such redemption price of said 5% Bonds and/or Debenture Stock then held by the Trustee in the form of money) to redeem as provided in Article III hereof the whole amount of Bonds then outstanding on any semi-annual interest date specified by the Company in such request to the Trustee, and in case the Trustee's notification as aforesaid shall be in the affirmative, the Company shall in writing notify the Trustee to make such conversion and that in case such conversion shall result in there being on deposit with the Trustee under this Section an amount of money sufficient to redeem the whole amount of Bonds outstanding on the semi-annual interest date specified by the Company in said request to the Trustee then in such case the Company exercises its option to redeem as of said semi-annual interest date the whole amount of the Bonds outstanding, and in case there shall be such a result from such conversion such moneys shall thereupon be held and applied by the Trustee in the redemption of Bonds on said semi-annual interest date as provided in Article III hereof.

Unless and until such redemption price of said 5% Bonds and/or Debenture Stock shall be applied as provided in (a) or (b) of this Section 6, there shall be paid therefrom from time to time by the Trustee to the Company as and when the Trustee would be required to surrender 5% Bonds and/or Debenture Stock pursuant to the provisions of Section 5 of this Article an amount thereof equal in value, as determined by the Trustee, to 140% of the Bonds so pur-

chased and/or redeemable plus a proportionate amount of the premiums and other sums if any received by the Trustee upon the redemption of the trust estate.

Exchange of  
trust  
estate.

SECTION 7. The Trustee, from time to time, may whenever it shall be necessary or convenient in order to carry out the surrender by the Trustee of the required amount of 5% Bonds and/or Debenture Stock in accordance with the provisions of Section 5 of this Article, or otherwise in the discretion of the Trustee, and upon request in writing by the holders of a majority in amount of Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A shall, exchange in any manner provided in the Trust Deed any part or all 5% Bonds at any time hypothecated and pledged under this Indenture for an equal aggregate par or principal amount of 5% Bonds in any denominations and/or an equal aggregate par or principal amount of Debenture Stock, and any part or all Debenture Stock at any time hypothecated and pledged under this Indenture for an equal aggregate par or principal amount of Debenture Stock in any denominations and/or an equal aggregate par or principal amount of 5% Bonds, and the Company shall upon any such exchange execute and deliver to the Trustee proper instruments of assignment to the Trustee or in blank and powers of attorney for the transfer to the Trustee or in blank of any 5% Bonds and/or Debenture Stock recorded or registered in the name of the Company or its nominee deliverable to the Trustee under this Section, and shall also pay any taxes required by law to effect such exchange. Debenture Stock and/or 5%



Bonds, as the case may be, so received by the Trustee upon any such exchange shall be held by the Trustee as the trust estate hereunder in every respect and for all purposes the same as if such Debenture Stock and/or 5% Bonds had been originally mortgaged, hypothecated and pledged, and transferred and assigned hereunder.

SECTION 8. In case the Company shall be in default under the Trust Deed and/or the Debenture Stock and/or 5% Bonds or the security of the Debenture Stock and/or 5% Bonds of the Company becomes enforceable then (whether or not any one or more of the events of default specified in Section 2 of Article VI shall have happened or be subsisting, or this Indenture be enforceable) the Trustee may in its discretion, and upon request in writing by holders of one-fourth in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A shall, and upon being furnished with funds and indemnified to the satisfaction of the Trustee against all liability, loss, costs, charges and expenses which the Trustee may incur in so doing, and in any case without any further consent on the part of the Company, and without prejudice and in addition to any other powers and remedies herein contained, anything herein to the contrary notwithstanding, take such steps and proceedings as it as holder of the trust estate, or as any lawful owner or holder of the property in the trust estate, might or could lawfully do or cause to be done under the terms of the Trust Deed, Debenture Stock and/or 5% Bonds to enforce the obligations of the Company under or the security of the Trust Deed, Debenture Stock and/or 5%

Bonds by any action at law or in equity, foreclosure or sale or by the appointment of a receiver or sequestrator of the undertaking and property of the Company which is for the time being subject to such security or by the appointment of a liquidator under the Winding Up Act or a trustee under the Bankruptcy Act or otherwise, or by all or any of such means, or by any other means or remedy provided by the Trust Deed; and the proceeds thereof, after deducting all proper charges and expenses of the Trustee occasioned thereby, shall be treated as a part of the trust estate under this Indenture.

Subject to specific restrictions, Trustee to have all rights of ownership.

SECTION 9. Subject only to the specific restrictions contained in this Indenture, and to the actual exercise by the Company of its rights in respect thereof conferred by this Indenture, the Trustee shall have and may exercise all the rights of ownership in respect of any of the trust estate held by the Trustee under this Indenture or in any manner whatsoever upon the trusts hereof.

## ARTICLE VI.

### REMEDIES OF TRUSTEE AND BONDHOLDERS.

Coupons separated from Bonds to be subordinated to Bonds and coupons not so separated.

SECTION 1. No coupon belonging to any of the Bonds which in any way shall have been transferred or pledged separate and apart from the Bond to which it relates shall, unless accompanied by such Bond, be entitled in case of a default under this Indenture to any benefit of or from this Indenture, except after the prior payment in full of the principal of the Bonds and of all coupons not so transferred or pledged.

SECTION 2. In case one or more of the following Events of default: events, herein termed events of default, shall happen, that is to say, in case

(a) default shall be made in the payment of the —non-pay-  
principal of any of the Bonds when and as the ment of  
same shall become due and payable, either at principal.  
maturity or by declaration or otherwise; or

(b) default shall be made in the payment of —non-pay-  
any instalment of interest on any of the Bonds ment of in-  
when and as the same shall become payable, as terest.  
therein and herein expressed, and such default  
shall have continued for thirty days; or

(c) default shall be made in the payment of —default in  
any instalment of the Sinking Fund herein pro- Sinking  
vided for, and such default shall have continued Fund.  
for thirty days; or

(d) default shall be made in the observance or —any other  
performance of any of the other covenants or default  
agreements on the part of the Company in the hereunder.  
Bonds or in this Indenture expressed and the  
Company shall not have remedied such default  
within sixty days after written notice, specifying  
such default and requiring the Company to remedy  
the same, shall have been served upon the  
Company by the Trustee, which may in its discre-  
tion, and at the request of the holders of one-fourth  
in amount of the Bonds then outstanding, or by  
an extraordinary resolution passed at a meeting  
of the Bondholders in accordance with Schedule  
A shall, give such notice; or

—default causing any other funded debt to be declared due.

(e) an event of default as defined in any indenture, trust agreement, trust deed or other instruments or supplements thereof securing or protecting any other funded debt of the Company now or hereafter existing shall happen and shall result in such funded debt being declared due and payable prior to the date on which it would otherwise become due and payable; or

—non-payment of principal or interest on any bond or obligation superior to the lien of this Indenture.

(f) default shall be made (1) in the payment of any instalment of interest or sinking fund upon any Debenture Stock, 5% Bond or other obligation secured or charged as a lien prior hereto on any part of the property or plants of the Company, and any such default shall have continued for a period of thirty days, or (2) in the payment of the principal of any such Debenture Stock, 5% Bond or other obligation, or (3) the Trust Deed and/or Debenture Stock and/or 5% Bonds shall be otherwise in default, provided, however, that such non-payment shall not constitute a default if the funds to pay such interest and/or sinking fund and/or principal shall have been deposited with the Trustee, nor so long as the Company shall in good faith contest the validity of the claim or demand and stay the execution thereof; or

—bankruptcy, etc.

(g) the Company shall become insolvent, or by decree of a court of competent jurisdiction, the Company shall be adjudged a bankrupt, or, by order of like court, a receiver, sequestrator or liquidator shall be appointed of the Company or

of all or a substantial part of the property of the Company, or the Company shall consent to the appointment of such a receiver, sequestrator or liquidator, or, by order of like court, a decree shall be made providing for the winding up or liquidation of the business and affairs or a substantial part of the business and affairs of the Company, or the Company shall voluntarily take any action for such winding up or liquidation; or

(*h*) the Company shall file a petition for voluntary bankruptcy, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or cease to carry on its business; or

—general assignment, written admission of inability to pay debts.

(*i*) distress or execution or other similar process be levied or conferred upon any of the property of the Company, and the same remain undischarged or uncontested by the Company for five days after the service thereof upon the Company or against the property, or final judgment for the payment of money shall be rendered against the Company and the Company shall not discharge the same or cause it to be discharged within sixty days from the entry thereof, or shall not appeal therefrom or from the order, decree or process upon which or pursuant to which said judgment was granted, passed or entered, or the holder or owner of any encumbrance shall take possession of the property of the Company or a substantial

—judgment for payment of money.

part thereof, and such taking of possession shall in the opinion of the Trustee be prejudicial to the security hereby constituted; or

(j) the Company shall without the consent of the Trustee or the sanction by an extraordinary resolution passed at a meeting of the Bondholders in accordance with the provisions of Schedule A make or adopt or attempt to make or adopt any alterations in its Letters Patent or Incorporation or By-laws or in the Trust Deed securing the Debenture Stock and/or 5% Bonds which might in the opinion of the Trustee be detrimental to the interest of the Bondholders or the security of the Bonds;

Trustee may then, the Trustee may in its discretion, and upon request  
 declare prin-  
 cipal due. in writing by the holders of one-fourth in amount of the  
 Bonds then outstanding or by an extraordinary resolution  
 passed at a meeting of the Bondholders in accordance  
 with Schedule A shall, by written notice to the Company,  
 declare the principal of all the Bonds, if not already  
 due, to be forthwith due and payable, and upon such  
 declaration the same shall become due and payable im-  
 mediately, anything in this Indenture or in the Bonds  
 contained to the contrary notwithstanding. This provi-  
 sion, however, is subject to the condition that if, at any  
 time after the principal of the Bonds shall have been so  
 declared due and payable and prior to the date of matur-  
 ity of the Bonds specified therein, all arrears of interest  
 upon all the Bonds, with interest on overdue instal-  
 ments of interest at the rate of seven per cent. per annum,

Waiver of  
 declaration.



and all arrears of Sinking Fund payments, with interest thereon at the rate of seven per cent. per annum, and all expenses of the Trustee, its agents and attorneys, and all amounts in respect of which the Company shall then be in default under this Indenture, other than the principal of the Bonds, shall either be paid by the Company or be collected out of the income derived from the trust estate before the sale thereof or the recovery by the Trustee of final judgment of decree under this Indenture, and no other event of default of which the Trustee shall have received previous notice and in respect of which the security hereby constituted shall be enforceable shall exist or any or all of such defaults shall have been made good to the satisfaction of the Trustee, then and in every such case the holders of a majority in amount of the Bonds then outstanding, by written notice to the Company and to the Trustee or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 3. Upon the happening of one or more of the events of default specified in Section 2 of this Article, then and in each and every such case, such default subsisting, the Trustee may, and upon request in writing by the holders of one-fourth in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A shall, revoke any and all proxies and

Revocation  
of proxies.

powers of attorney issued to the Company or on its order and revoke any and all assignments and orders with respect to interest, income or profits upon the trust estate and any and all consents theretofore granted by the Trustee for the exercise of other rights by the Company or its nominee or nominees with respect to any of the trust estate, and the interest on the 5% Bonds and/or Debenture Stock pledged hereunder shall commence to accrue and be payable from the date of such default, and the Company so covenants and agrees anything in this Indenture to the contrary notwithstanding, and shall be applied by the Trustee in the manner provided in Section 4 of this Article.

In case of  
default,  
Trustee may  
exercise  
rights of  
ownership.

SECTION 4. Upon the happening of one or more of the events of default specified in Section 2 of this Article, then and in each and every such case, such default subsisting, the Trustee personally or by agents or attorneys, may exercise all the rights of ownership of the trust estate and each part thereof, including the right to vote upon any or all the 5% Bonds and/or Debenture Stock pledged hereunder or to give written requests in respect thereto in accordance with the Trust Deed and receive and collect the principal and interest, income and profits thereon or arising out of the operation or management of the trust estate and every part thereof, and consent to or oppose any renewals, extensions or modifications of any of the trust estate, and take any action or proceedings which the holder or owner thereof for value could take as such owner or holder including the right to offer and surrender to the Trus-

tees under the Trust Deed any of the 5% Bonds and/or Debenture Stock pledged hereunder for purchase out of moneys or funds in the sinking fund under the Trust Deed at any price that the Trustee shall deem for the best interests of the Bondholders, and all such rights of the Company shall cease. All sums received or collected by the Trustees as aforesaid during the continuance of any such default, together with any other sums which may be held by the Trustee hereunder, other than moneys in the Sinking Fund, after deducting therefrom all proper charges, costs and expenses including expenses of operating the trust estate and all payments which may be made for taxes, assessments, insurance and prior or other proper charges as well as just and reasonable compensation for the Trustee's services and for all attorneys, agents, clerks, servants and other employees by it properly engaged and employed, shall by the Trustee be applied as follows:

(a) In case the principal of the Bonds shall not have become due, to the payment of the interest, if any, in default, in the order of the maturity of the instalments of such interest, with interest thereon at the rate of seven per cent. per annum, such payments to be made ratably to the persons entitled thereto, without discrimination or preference, and after the payment of all arrears of interest with interest thereon as aforesaid to the payment of any instalment of the Sinking Fund then in default, with interest on the respective instalments in arrears at the rate of seven per cent per annum from the respective dates that such payments become due and payable;

(b) In case the principal of the Bonds shall have become due, either at maturity or by declaration or otherwise, first to the payment of the accrued interest, in the order of the maturity of the instalments, with interest on the overdue instalments thereof at the rate of seven per cent. per annum, and next to the principal of the Bonds; in every instance such payment to be made ratably to the parties entitled to such payments without any discrimination or preference whatsoever.

These provisions, however, are not intended in anywise to modify the provision of Section 3 of Article IV hereof or of Section 1 of this Article VI, but are subject thereto.

Restoration  
of property  
upon pay-  
ment in full.

In case all of said payments shall have been made in full and no suit to foreclose or enforce this Indenture shall have been begun or sale made as hereinafter provided, the Trustee, after making such provisions as to it may seem advisable for the payment of the next semi-annual instalment of interest to fall due upon the Bonds and for the next semi-annual payment to be made as and for the Sinking Fund, may in its discretion restore the Company, its successors and assigns, to its or their former position, provided that if any event of default specified in Section 2 of this Article VI shall subsequently occur, such restoration shall not, nor shall any previous action by the Trustee under this Section be construed to exhaust or in any manner impair any powers hereby granted to or conferred upon the Trustee.

SECTION 5. In case of the happening of one or more of the events of default specified in Section 2 of this Article VI, then and in each and every such case, such default subsisting, the Trustee may

In case of default, Trustee may (1) sell trust estate or (2) protect the Bondholders by legal proceedings.

(a) Personally or by its attorneys or agents, sell to the highest responsible bidder all or any part of the trust estate, and all right, title and interest, claim and demand therein, and the right of redemption thereof, in one lot or in parcels, unless a sale in parcels shall be requested under the provisions of Section 7 of this Article, in which case such sale may be made in parcels as in said Section provided; which sale or sales shall be made and notice thereof given as provided in Sections 8, 9 and 10 of this Article VI; or

(b) Proceed to protect and enforce its rights and the rights of Bondholders under this Indenture by suit in equity or action at law, whether for the specific performance of any covenant or agreement contained herein or in aid of the execution of any power herein granted or for any foreclosure hereunder or for the enforcement of any proper legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce the rights aforesaid.

SECTION 6. Upon written request of the holders of one-fourth in amount of the Bonds at the time outstanding, or by extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, and upon being indemnified, if it shall so require, as hereinafter provided, it shall be the duty of the Trustee to

Trustee to enforce all rights upon request and indemnity.

take all steps needful for the protection and enforcement of its rights and the rights of the holders of the Bonds whether by judicial proceedings or otherwise as the Trustee, being advised by counsel, shall deem most expedient in the interest of the holders of the Bonds.

Mortgaged  
property to  
be sold as  
one parcel.

SECTION 7. In the event of any sale, whether made under the power of sale hereby granted and conferred or under or by virtue of judicial proceedings, the trust estate or any part thereof shall be sold as one lot or in parcels, as the Trustee shall deem for the best interests of the Bondholders, unless the Trustee shall be requested in writing by the holders of a majority in amount of the Bonds then outstanding or requested by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, to cause the trust estate to be sold in parcels, in which case the sales shall be made in such parcels as shall be specified in such request, or unless such sale in one lot is impracticable by reason of some statute or otherwise.

Waiver of  
right to have  
security  
marshalled.

The Company, for itself and all persons and corporations hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Indenture, hereby expressly waives and releases all right to have the properties and estate comprised in the security intended to be created by this Indenture marshalled upon any foreclosure or other enforcement hereof, and the Trustee, or any court in which the foreclosure of this Indenture or administration of the trusts hereby created is sought, shall have the right as aforesaid to sell the entire trust estate as a whole in a single parcel or in several parcels.



SECTION 8. Except as hereinafter provided, any sale by the Trustee made under the power of sale hereby granted and conferred, unless otherwise required by law, shall be made to the highest responsible bidder at public auction at such place or places in the City of Montreal, Dominion of Canada or elsewhere, and at such time or times and upon such terms as the Trustee may fix. Notice of any sale, whether made under the power of sale hereby granted and conferred or under and by virtue of judicial proceedings, shall state the time and place when and where the same is to be made, shall contain a brief general description of the property to be sold, shall briefly state the terms of the sale, and such notice shall be sufficiently given if published once in each week for four successive weeks immediately preceding the date set for such sale in a daily newspaper of general circulation published in the City of Montreal, Dominion of Canada, and in a daily newspaper of general circulation published in the City of Toronto, in said Dominion, and in a daily newspaper of general circulation published in the Borough of Manhattan, City of New York. The notice of sale herein required shall be in addition to or concurrent with any notice required to be given by law.

Sale to be at public auction; notice to be published.

SECTION 9. The Trustee may adjourn and from time to time readjourn any sale to be made by it under the provisions of this Indenture, by announcement at the time and place appointed for such sale or for such adjourned sale or sales; and without further notice or publication of the sale, unless otherwise required by law, it may make such sale at the time and place to which the same may be so adjourned or readjourned.

Sale may be adjourned.

Trustee to  
transfer  
property to  
purchaser.

SECTION 10. Upon the completion of any sale or sales under this Indenture, the Trustee shall transfer and deliver or cause to be transferred and delivered to the accepted purchaser or purchasers the property so sold. The Trustee and its successors hereby are appointed the true and lawful attorneys irrevocable of the Company in its name and stead to make all necessary transfers of property thus sold, and for that purpose it or they may execute all necessary instruments of assignment and transfer, the Company hereby ratifying and confirming all that its said attorneys shall lawfully do by virtue hereof.

Sale to  
divest Com-  
pany of all  
right, title  
and interest.

SECTION 11. Any such sale or sales made under or by virtue of this Indenture, whether under the power of sale hereby granted and conferred or under or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company, of, in and to the property so sold, and shall be a perpetual bar both at law and in equity, against the Company, its successors and assigns, and against any and all persons claiming or who may claim the property sold, or any part thereof, from, through or under the Company, its successors or assigns.

Purchaser  
need not see  
to applica-  
tion of pur-  
chase money.

SECTION 12. The receipt of the Trustee for the purchase money shall be a sufficient discharge to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or in any manner whatsoever be answerable for any loss, misapplication or non-application of such purchase money, or any part thereof.

or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 13. In case of any such sale, whether under the power of sale hereby granted or pursuant to judicial proceedings, the principal of all the Bonds, if not previously due, immediately thereupon shall become due and payable, anything in the Bonds or in this Indenture contained to the contrary notwithstanding.

Principal to  
become due  
and payable  
upon any  
sale.

SECTION 14. The purchase money, proceeds and avails of any such sale, whether under the power of sale hereby granted or pursuant to judicial proceedings, together with any other sums which may then be held by the Trustee under any of the provisions of this Indenture as part of the trust estate, or the proceeds thereof, and any other moneys collected, received or held by the Trustee for the benefit of the holders of the Bonds shall be applied as follows:

Application  
of purchase  
money.

(a) to the payment of the costs and expenses of such sale, including reasonable compensation to the Trustee, its agents, attorneys and counsel and of all expenses, liabilities and advances made or incurred by the Trustee hereunder;

(b) to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest at the rate of seven per cent. per annum on the overdue principal and instalments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of such principal and interest, without preference or priority of principal over interest or of interest over principal or of any instalment of interest over any other instalment

of interest, ratably to the aggregate of such principal and the accrued and unpaid interest, (subject however, to the provisions of Section 3 of Article IV hereof and of Section 1 of this Article VI), according to the amounts due and payable upon the Bonds and coupons respectively, at the rate fixed by the Trustee for the distribution of such moneys, upon presentation of the several Bonds and coupons, and stamping thereon such payment if only partial, and cancelling the same when fully paid.

(c) to the payment of the surplus, if any, upon its or their written demand, to the Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Purchaser  
may apply  
Bonds and  
matured  
coupons.

SECTION 15. Upon any such sale, any purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to use and apply any Bonds and any matured and unpaid coupons thereto appertaining after such Bonds and coupons have been presented to the Trustee for crediting thereon the sums applicable to the payment thereof out of the net proceeds of such sale to the holder of such Bonds and coupons as his ratable share of such net proceeds, after the deduction of costs, expenses, compensation and other charges; such purchasers shall be credited on account of the purchase price of the property purchased with said sums so payable out of said net proceeds on the Bonds and coupons so presented, and at any such sale any Bondholder or any other person may appear and purchase such property and may make payment therefor, as aforesaid, and upon compliance with the terms of sale, may hold, retain and dis-

pose of such property without further accountability therefor.

SECTION 16. In case

(1) default shall be made in the payment of any instalment of interest on any of the Bonds when and as the same shall become payable, therein and herein expressed, and such default shall have continued for thirty days; or

Trustee may  
recover  
judgment  
for princi-  
pal, interest  
and Sinking  
Fund pay-  
ments.

(2) default shall be made in the payment of any instalment of the Sinking Fund herein provided for and such default shall have continued for thirty days; or

(3) default shall be made in the payment of the principal of any of the Bonds when and as the same shall become payable, either at maturity or by declaration or otherwise;

then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the holders of the Bonds and coupons then outstanding, the whole amount that then shall have become due and payable on all such Bonds and coupons then outstanding, for interest or principal, or both, or will pay to the Trustee the amount of all payments due in respect of the Sinking Fund, as the case may be, with interest in each instance at the rate of seven per cent. per annum upon the overdue principal, instalments of interest or payments due in respect to the Sinking Fund, all without deduction and subject to reimbursement for taxes as provided in Sections 1 and 2 of Article IV hereof; and, in addition thereto, such further amount as shall be sufficient to cover the costs and ex-



penses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel and any expenses or liabilities incurred by the Trustee hereunder; and, in case the Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to recover judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the trust estate, and the right of the Trustee to recover such judgment shall not be affected by any sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or the foreclosure of the lien hereof; and in the case of a sale of the trust estate, and of the application of the proceeds of sale to the payment of the debt, the Trustee, in its own name, and as trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all of the Bonds then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustee, and no levy of any execution upon any such judgment upon property subject to the lien of this Indenture, or upon any other property, shall in any manner or to any extent affect the lien of the Trustee upon the trust estate or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or any rights, powers or remedies of the holders of the Bonds, but such



lien, rights, powers and remedies shall continue unimpaired as before.

Any moneys collected by the Trustee under this Section 16 (except any moneys collected in respect of the Sinking Fund) shall be applied by the Trustee towards payment of amounts then due and unpaid upon the Bonds and coupons respectively, ratably and without any preference or priority of any kind, except as provided in Section 3 of Article IV and Section 1 of this Article VI, according to the amounts due and payable upon the Bonds and coupons respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several Bonds and coupons, at any of the places at which the Bonds are expressed to be payable, and stamping thereon such payment if only partial, and cancelling the same when fully paid.

Any moneys collected by the Trustee under this Section 16 in respect to the Sinking Fund shall be applied by the Trustee as provided in Articles II and III of this Indenture.

SECTION 17. The Company will not at any time insist upon or plead, or in any manner whatever claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor will it claim, take or insist on any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisal of the trust estate, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained or to the decree of any court of competent jurisdiction; nor after any such sale or sales will it claim or exercise any right under any statute enacted by the Dominion of Canada or any

Application  
of moneys  
recovered.

Waiver of  
stay and  
appraise-  
ment stat-  
utes.

Province thereof, or otherwise, to redeem the property so sold or any part thereof, and it hereby expressly waives all benefit and advantage of any such law or laws; and it covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Holders of Bonds cannot enforce security, unless Trustee requested to act and offered satisfactory indemnity.

SECTION 18. No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of any trust hereof or for the appointment of a receiver hereunder, or for any other remedy hereunder, unless the holders of at least fifteen per cent. in amount of the Bonds outstanding shall have given to the Trustee written notice of some event of default and of the continuance thereof; nor unless the Trustee shall have been requested in writing by the holders of one-fourth in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, to take action in respect of the matter complained of, and shall have afforded to the Trustee a reasonable opportunity either to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless also such Bondholders shall have offered to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred therein or thereby; nor unless the Trustee for thirty days after receipt of such notification, request and offer of indemnity, shall have refused or neglected to

act on such notice, request and indemnity; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture and to the availability and the commencement and prosecution of any action or suit hereunder, whether for foreclosure or for the appointment of a receiver or for any other remedy; and it is expressly declared and intended that no one or more holders of Bonds or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture by his or their action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder, at law or in equity, shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding Bonds and coupons, except as provided in Section 3 of Article IV and Section 1 of this Article VI.

Nothing in this Section or elsewhere in this Indenture or in the Bonds or in the coupons attached thereto shall affect or impair the obligation of the Company, which is unconditional and absolute, to pay the principal and interest of the Bonds to the respective holders of the Bonds and to the respective holders of the coupons attached thereto, at the respective due dates in such Bonds and coupons stated, nor affect or impair the right of action, which is also absolute and unconditional, of such holders to enforce such payment.

Holder has absolute right to sue for principal and interest.

SECTION 19. Except as herein expressly provided to the contrary, no remedy herein conferred upon or reserved to the Trustee, or to the holders of Bonds, is intended to be exclusive of any other remedy, but each and

Remedies to be cumulative.

every such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter available at law or in equity or by statute.

No delay or omission by Trustee to constitute a waiver.

SECTION 20. No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power accruing upon any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Abandonment of an action not to affect subsequent defaults.

SECTION 21. In case the Trustee shall have proceeded to enforce any right under this Indenture by foreclosure, sale or otherwise, and such proceeding shall have been discontinued or abandoned because of any waiver, or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Company and the Trustee shall be restored to their former positions and rights hereunder in respect to the trust estate, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken; but no such waiver, discontinuance, abandonment or determination shall extend to or affect any subsequent default, or impair any right consequent thereon.

Notice of distributions to Bondholders.

SECTION 22. The Trustee shall give notice by publication in one daily newspaper of general circulation published in the City of Montreal in the Dominion of Canada and in a daily newspaper of general circulation published in the City of Toronto in said Dominion and in a daily

newspaper of general circulation published in the Borough of Manhattan, City and State of New York of the day, place and time fixed for any distribution to the Bondholders under the provisions of this Article, and after the day so fixed the interest on the amount of principal and/or interest so distributable on account of the Bonds shall cease from the date so fixed and in the case of only partial payment the Bonds shall be deemed discharged in the amount stamped thereon in accordance with the provisions of this Article.

SECTION 23. Upon the happening of one or more of the events of default specified in Section 2 of this Article, the Trustee may apply to the Superior Court for the District of Montreal or to any one of the Judges thereof for an order that the trusts hereof be carried into execution under the direction of the Court and for any other order in relation to the administration of the trusts hereof that the Trustee shall deem expedient, and the Trustee may assent to or support any application to the Court made at the instance of Bondholders in accordance with the provisions of this Indenture or at the instance of holders of Debenture Stock and/or 5% Bonds, but the Trustee shall not be required to take any such action unless indemnified to its satisfaction against all costs, charges and expenses which the Trustee may incur in connection therewith.

SECTION 24. All rights of action under this Indenture, or under any of the Bonds or coupons, may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof on any trial or other proceedings relative thereto, and any such

Trustee may  
apply for  
Court order.

Trustee may  
sue without  
possession  
of Bonds  
and coupons.



suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the equal benefit of the holders of the Bonds and coupons, except as provided in Section 3 of Article IV and Section 1 of this Article VI.

Bondholders  
may instruct  
Trustee.

SECTION 25. The holders of a majority in amount of the Bonds from time to time outstanding by instrument in writing delivered to the Trustee or the Bondholders by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, shall have the right to determine which of the remedies herein set forth shall be adopted and to direct the method and place of conducting all proceedings to be taken under the provisions of this Indenture for the enforcement thereof or of the Bonds or of the trust estate.

Waiver of  
defaults.

SECTION 26. The Trustee may from time to time whenever it shall deem it expedient in the interests of Bondholders waive, with or without terms and conditions, any and all defaults of the Company under this Indenture, or under the Bonds, or under the Trust Deed, or under the Debenture Stock and/or 5% Bonds, save and except the covenant to pay the principal and interest thereof at maturity; and shall likewise waive any and all such defaults (with such exception) upon request in writing of a majority in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, and upon such terms and conditions if any as may be specified in such writing or resolution, as the case may be, and upon being indemnified to its satisfaction against any expense, loss or damage which the Trustee may incur in connection with compliance with this Section.



## ARTICLE VII.

## SUPPLEMENTAL INDENTURES.

SECTION 1. In addition to any supplemental indenture,<sup>Supplemental Indentures.</sup> otherwise authorized by this Indenture, the Company, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto as shall not be inconsistent with the terms and provisions of this Indenture, or in conflict with the rights of holders of Bonds, and which supplemental indenture or indentures thereafter shall form a part hereof, for any one or more of the following purposes, among others:

(a) To add to the conditions, limitations and restrictions on the terms, provisions, purposes of issue, authentication and delivery of Bonds, further and additional conditions, limitations and restrictions thereafter to be observed.

(b) To add to the covenants and agreements of the Company in this Indenture contained, further and additional covenants and conditions thereafter to be observed.

(c) To evidence the succession of another corporation to the Company, or successive successions, and the assumption by a successor corporation of the covenants and obligations of the Com-

pany in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained.

(d) To hypothecate, pledge, transfer and assign to the Trustee, and to subject to the lien of this Indenture, with the same force and effect as though included in the granting clauses hereof, additional securities and properties intended hereby to become subject to the lien of this Indenture or if the Company shall determine to subject the same to the lien of this Indenture for any of the purposes hereof.

(e) To evidence the appointment of an additional or associate trustee or trustees or successor trustee or trustees as in this Indenture provided.

(f) To make such provisions, not inconsistent with the terms and provisions of this Indenture or in conflict with the rights of holders of Bonds, as may be desirable in regard to all matters or questions arising under this Indenture.

Trustee to  
join in sup-  
plemental  
indentures.

SECTION 2. The Trustee is hereby authorized to join with the Company in the execution and delivery of any supplemental indenture authorized or permitted by the provisions of this Indenture and to make the further agreements and stipulations which may be therein contained.

## ARTICLE VIII.

## IMMUNITY OF STOCKHOLDERS, OFFICERS AND DIRECTORS.

No recourse shall be had for the payment of the Bonds <sup>Stockhold-</sup> or the interest thereon against any stockholder, share-<sup>ers, officers</sup> holder, officer or director, past, present or future, of the <sup>and directors</sup> Company, as such, either directly or through the Com-<sup>to be im-</sup> pany by virtue of any constitution, statute or rule of mune. law or the enforcement of any assessment or otherwise; such liability of stockholders, shareholders, directors or officers, as such, being released by the holders of the Bonds by the acceptance of the Bonds and being also waived and released by the terms of this Indenture.

## ARTICLE IX.

## METHODS OF PROOF.

SECTION 1. Any request, direction or other instrument <sup>Instruments</sup> required by this Indenture to be signed and executed by <sup>executed by</sup> Bondholders, may be in any number of concurrent writ-<sup>Bondholders</sup> ings of similar tenor, and may be signed or executed by <sup>may be in</sup> such Bondholders, in person, or by agent appointed in <sup>any number</sup> writing. Proof of the execution of any such request, <sup>of counter-</sup> direction or other instrument, or of the writing appoint- parts. ing any such agent, and of the ownership of Bonds transferable by delivery, if made in the following manner shall be sufficient for any purpose of this Indenture, and shall be conclusive in favor of the Trustee with regard to due action by it taken under such request:

Instruments  
to be ac-  
knowledgeed.

(a) The fact and date of the signing or execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction, who by the laws thereof has power to take acknowledgments within said jurisdiction, that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of a witness of such execution.

Ownership  
to be proved  
by certificate  
of deposi-  
tary.

(b) The fact of ownership by any Bondholder of Bonds not registered as to principal and the amount and number of any such Bonds and the date of his ownership of the same may be proved by a certificate executed by any trust company, bank, bankers, or other depositary (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such trust company, bank, bankers or other depositary the Bonds described in such certificate; and such ownership may be deemed by the Trustee to continue until written notice to the contrary is served upon the Trustee.

Registry.

(c) The ownership of Bonds registered as to principal shall be proved by the register of said Bonds.

Evidence of  
Bond-  
holders'  
resolutions.

SECTION 2. Whenever under the terms and provisions of this Indenture reference is made to an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, evidence of the passage of any such resolution given in the manner set forth in Section 19 of Schedule A shall be sufficient for all pur-

poses of this Indenture and shall be conclusive in favor of the Trustee and any one else relying thereon with regard to due action taken thereunder or pursuant thereto.

SECTION 3. The provisions contained in Schedule A shall have effect and be binding in the same manner as <sup>Action of Bondholders binding.</sup> if such provisions were herein set forth in full, and all writings given by the required amount of Bondholders specified in this Indenture and all extraordinary resolutions passed at a meeting of the Bondholders as provided in Schedule A shall be conclusive and binding upon all the Bondholders whether or not they shall have signed such writings or participated in the passing of such resolution to all intent and purposes the same as if such writings had been given and such resolutions had been passed by the Bondholders unanimously.

## ARTICLE X.

### THE TRUSTEE.

SECTION 1. The Trustee accepts the trusts of this Indenture and agrees to execute them upon the following <sup>Trustee accepts on condition:</sup> terms and conditions, to which the parties mutually agree:

(a) The Trustee shall not be obligated to procure the recordation, registration or filing of the Indenture or any particulars with regard thereto <sup>—not to record.</sup>

(b) The Company will, during the continuance of this security pay to the Trustee for the time <sup>—Trustee's remuneration.</sup> being of these presents, such reasonable remuneration for its services as Trustee as may be agreed upon between the Trustee and the Company, and the Company will also pay all costs, charges and



expenses properly incurred by the Trustee in connection with the trusts hereof, and also (in addition to any rights of indemnity by law given to the Trustee) will at all times keep indemnified the Trustee against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted by it in any wise relating to these presents. The Trustee may make any agreements or arrangements with the Board of Directors of the Company as to the remuneration to be paid to the Trustee hereunder.

All costs, charges and expenses incurred, and all payments made by the Trustee in the lawful exercise of the powers hereby conferred upon it, including all remuneration payable to the Trustee, shall be payable by the Company on demand, and shall carry interest at six per cent. per annum from the date of the same being incurred or becoming due, and all such costs, charges and expenses and payments, and all interest thereon, and all remuneration payable to the Trustee hereunder, shall be an additional lien and charge upon the mortgaged premises and shall be satisfied before any payment is made thereout to the Bondholders.

Said remuneration shall continue payable until the trusts hereof shall be finally wound up, and whether or not a receiver or receivers or receiver and manager, or liquidator or sequestrator shall have been appointed, or the trusts of these presents shall be in course of administration by or under the direction of the Court. Provided in default

of arrangement the remuneration may be fixed by a Judge of the Superior Court or High Court or Justice for any of the Provinces of Canada in which the property of the Company is situated.

(c) The Trustee shall be under no obligation to recognize any person or persons, firm or corporation, as the holder or holders of any of the Bonds, or to do or refrain from doing any act pursuant to the request or demand of any person or persons, firm or corporation, professing or claiming to be such holder or holders of any of the Bonds, until such person or persons, firm or corporation, shall have produced the Bond or Bonds of which he, they or it claim to be the holder, or other evidence of such holding satisfactory to the Trustee and shall have also indemnified the Trustee, to its reasonable satisfaction, against any and all costs, expenses and outlays, counsel fees and other proper disbursements, and any other liability growing out of the compliance by the Trustee with such request or demand.

(d) The Trustee may employ agents or attorneys in fact, and shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof if such agent or attorney shall have been selected with reasonable care. The Trustee shall be liable only for gross negligence or wilful or intentional default in the execution of any duty or trust under this Indenture.

—not responsible for recitals or for validity of Bonds and this Indenture.

(e) The Trustee shall not be responsible in any manner whatsoever for the recitals herein or in the Bonds or the appurtenant coupons contained as to the acts or powers of the Company all of which are made by the Company solely. The Trustee shall not be responsible for, or in respect of, the validity or sufficiency of this Indenture, or the execution hereof by the Company, or for the validity of the Bonds issued hereunder.

—may assume no default till notified by 15% of Bondholders.

(f) Unless and until the Trustee shall have received written notice to the contrary from the holders of not less than fifteen per cent. in amount of the Bonds outstanding, or by extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A, the Trustee may assume that for the purposes of this Indenture no default has been made by the Company in the payment of any of the Bonds or of the interest thereon or in the observance or performance of any of the covenants contained in the Bonds or in this Indenture and that none of the events of default has happened.

—protected in acting on notice, etc.

(g) The Trustee shall be protected in acting upon any notice, request, consent, certificate, affidavit, resolution or other paper or document believed by it to be genuine and to be signed or certified to by the person therein stated to be familiar with the facts therein set forth, and shall incur no liability for any such action.

(h) The Trustee in its individual capacity may acquire Bonds with the same rights which it would have if it were not the Trustee hereunder. —may acquire Bonds in individual capacity.

(i) The Trustee may advise with counsel to be selected and employed by it at the expense of the Company and shall be fully protected in respect of any action under this Indenture taken or suffered in good faith by the Trustee in accordance with the opinion of counsel. —may rely on advice of counsel.

(j) The Trustee shall not be answerable for or personally liable for any debts contracted by it or for any assessments or charges, or for any damages to persons or property, or for salary, or for non-fulfillment of contracts, during the period wherein the Trustee shall hold and deal with the trust estate, and the trust estate and property is hereby charged with a first lien in favor of the Trustee for its security and indemnification against any such liability and against every liability of any kind which it may incur hereunder as well as for compensation for its services and reimbursement of all its expenses hereunder with interest. —not personally liable for debts, etc., and to have a lien for its indemnification.

(k) Any certificate or request herein provided or permitted to be given by the Company to the Trustee shall be sufficient if executed under the seal of the Company and signed by the president or any vice-president and by the secretary or any assistant secretary or treasurer or any assistant treasurer of the Company. Any certified copy of a —certificate by Company, how executed.

resolution of the board of directors or executive committee herein provided or permitted to be given to the Trustee shall be sufficient evidence to the Trustee of the due adoption of the same if the secretary or any assistant secretary of the Company shall certify under the corporate seal of the Company that such copy is a true and correct copy of a resolution or resolutions duly adopted by the board of directors or the executive committee of the Company, as the case may be, at a meeting thereof duly called and held and at which a quorum was present and acting.

—interest on  
deposits  
with Trustee.

(l) The Trustee will pay to the Company from time to time interest on any cash balances held by the Trustee on deposit hereunder, at such rate as is customarily allowed by it on similar deposits.

Safe keeping  
of trust  
estate.

(m) The Trustee shall be at liberty to deposit the trust estate or any part thereof as from time to time constituted in a safe deposit box or safe, customarily used for such purposes, selected by the Trustee and the Trustee shall not be responsible for any loss incurred in connection with the trust estate so deposited, and the Trustee may pay and charge to the Company all sums required to be paid on account or in respect of any such deposit.

Freedom of  
Trustee to  
contract  
with Company.

(n) The Trustee may act as Registrar of the Bonds and Agent for making any payment on the Bonds, and the Trustee shall not by reason of its fiduciary relation hereunder be in any wise precluded from making any contracts or entering into



any transactions with the Company in the ordinary course of business and without prejudice to the generality of this provision it is expressly declared that such contracts and transactions may include any contract or transaction in relation to the purchasing, underwriting, selling, placing or lending money on security of any obligations of the Company, and the Trustee shall be in no wise accountable to the Company or to the Bondholders for any profits resulting from any such contracts or transactions.

(o) The Trustee shall not be required to give security for its conduct or administration under this Indenture. Trustee not required to give security.

SECTION 2. The Trustee or any successor to it in the trust may resign and be discharged from the trusts created by this Indenture by giving to the Company notice in writing of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once in each week for six successive weeks prior to the date so specified, in a daily newspaper of general circulation published in the City of Montreal, in the Dominion of Canada and in a daily newspaper of general circulation published in the City of Toronto in said Dominion and in a daily newspaper of general circulation published in the Borough of Manhattan in the City and State of New York, the first publication to be not less than sixty nor more than ninety days prior to the date so specified. Such resignation shall take effect on the day specified in such notice unless previously a successor Trustee shall be appointed as hereinafter pro- Trustee may resign.

vided, either by the Bondholders or by the Company, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee.

Trustee may  
be removed.

The Trustee at any time under this Indenture may be removed by an instrument in writing filed with such Trustee and executed by the holders of a majority in amount of the Bonds then outstanding or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A.

Vacancy  
may be  
filled tem-  
porarily by  
Company,  
such ap-  
pointee to be  
superseded  
by Trustee  
appointed by  
Bondholders.

SECTION 3. In case at any time the Trustee or any successor to it shall resign or be removed or shall otherwise become incapable of acting or for any cause a vacancy shall occur in the office of Trustee a successor Trustee may be appointed by the holders of a majority in amount of the Bonds then outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or by their attorneys in fact thereunto duly authorized or by an extraordinary resolution passed at a meeting of the Bondholders in accordance with Schedule A; but until a new Trustee shall be appointed by the Bondholders as herein authorized the Company, by an instrument executed by order of its board of directors, may appoint a Trustee to fill such vacancy. The Company shall publish notice of any such appointment by it made once in each week for four successive weeks in a daily newspaper of general circulation published in the City of Montreal, in the Dominion of Canada and in a daily newspaper of general circulation published in the City of Toronto in said Dominion and in a daily newspaper of general circulation published in the Borough of Manhattan in the City and State of New York; but any Trustee so appointed by the Company

shall immediately and without further act be superseded by a new Trustee or new Trustees appointed by the Bondholders.

SECTION 4. Every successor trustee to the Trustee herein named, or its successors in the trust hereunder, shall be a trust company or bank having power so to act, in good standing, incorporated under the laws of the Dominion of Canada, and carrying on business in the City of Montreal, and having a capital and surplus aggregating at least two millions dollars.

SECTION 5. Any new Trustee appointed hereunder shall execute, acknowledge and deliver to the Trustee last in office, and also to the Company, an instrument accepting such appointment hereunder, and thereupon such new Trustee without any further act or writing shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors in the trust, with like effect as if originally named as Trustee herein; but the Trustee ceasing to act, shall nevertheless, on the written request of the Company, or of the new Trustee, and at the Company's expense, execute and deliver an instrument transferring to such new Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by it to the new Trustee, it being understood that any securities, cash and other property, the custody of which is given to the Trustee herein named, shall always be in the custody of its successor in the trust hereunder as herein provided. Should any deed, conveyance or instrument in writing from the

Successor  
Trustee.

Successor to  
accept  
trusts and to  
be vested  
with rights.

Company be required by the new Trustee for more fully and certainly vesting in and confirming to such new Trustee such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the Company.

Merger or  
consolidation of  
Trustee.

SECTION 6. Any corporation into which the Trustee under this Indenture, original or successor, may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which such Trustee shall be a party, shall be the successor of the Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, provided such corporation is organized under the laws of the Dominion of Canada, carries on business in the City of Montreal in said Dominion, and has a capital and surplus aggregating at least two million dollars.

Authenticat-  
ion by suc-  
cessor.

SECTION 7. In case any of the Bonds shall have been authenticated, but not delivered, any such successor Trustee may adopt the certificate of authentication of Montreal Trust Company, or of any successor to it, as Trustee hereunder, and deliver the same so authenticated, and in case any of the Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds either in the name of any predecessor Trustee or in the name of such successor Trustee; and in all such cases, such certificates shall have the full force which it is anywhere in the Bonds or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 8. At any time or times, in order to conform to any legal requirements, restrictions, or conditions in any locality or jurisdiction in which any part of the property then subject to this Indenture shall be located, the Company and the Trustee shall have power to appoint, and shall unite in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, another trust company or one or more persons, approved by the Trustee, either to act as separate trustee or trustees or co-trustee or co-trustees of all or any of the property subject to the lien hereof, jointly with the Trustee originally named herein, or its successors, or to act as separate trustee or trustees, of any such property.

SECTION 9. Every separate trustee, every co-trustee and every successor trustee, other than any trust company which may be appointed as successor to Montreal Trust Company, shall, to the extent permitted by law, be appointed subject to the following provisions and conditions, namely:

(1) The Bonds secured hereby shall be authenticated and delivered, and all powers, duties, obligations and rights, conferred upon the Trustee in respect of the custody of all trust estate, shall be exercised solely by Montreal Trust Company or a trust company appointed or acting as its successor in the trust hereunder;

(2) No power shall be exercised hereunder by such separate trustee or trustees or co-trustee or co-trustees, or successor or successors thereto, except with the consent of the Montreal Trust Company or its successor to exercise of power;



cept jointly with the consent in writing of Montreal Trust Company or any trust company which may have been appointed or be acting as its successor in the trust; and

it to have  
power to re-  
move asso-  
ciate  
Trustee.

(3) The Company, or any successor company, and Montreal Trust Company or its successor in the trust, at any time by an instrument in writing executed by them jointly, may remove any other trustee or co-trustee, and may likewise and in like manner appoint a successor to such trustee or co-trustee so removed, anything herein contained to the contrary notwithstanding.

Notices may  
be served on  
Montreal  
Trust Com-  
pany.

SECTION 10. Any notice, request or other writing or resolution by or on behalf of the holders of the Bonds delivered solely to Montreal Trust Company, or its successor in the trust, shall be deemed to have been delivered to all of the then trustees as effectually as if delivered to each of them. Every instrument appointing any trustee or trustees other than a successor to Montreal Trust Company shall refer to this Indenture and the conditions in this Article expressed, and upon the acceptance in writing by such trustee or trustees, he, they or it shall be vested with the estates or property specified in such instrument, either jointly with Montreal Trust Company, or its successor, or separately, as may be provided, subject to all the trusts, conditions and provisions of this Indenture; and every such instrument shall be filed with Montreal Trust Company or its successor in the trust. Any separate trustee or trustees or any co-trustee or co-trustees may at any time by an instrument in writing constitute Montreal Trust Company or its successors in the trust

Associate to  
accept  
trusts.

hereunder his, their or its agent or attorney-in-fact, with full power and authority, to the extent which may be authorized by law, to do all acts and things and exercise all discretion authorized or permitted by him, them or it, for and in behalf of him, them or it, and in his, their or its name. In case any separate trustee or trustees or co-trustee or co-trustees, or a successor to either of them, shall die, become incapable of acting, resign, or be removed, all the estates, property, rights, powers, trusts, duties and obligations of said separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Montreal Trust Company or its successor in the trust, without the appointment of a new trustee as successor to such separate trustee or co-trustee; and no successor to any separate trustee or co-trustee shall be appointed unless such appointment shall be necessary for the full protection of the holders of the Bonds.

## ARTICLE XI.

### DEFEASANCE.

SECTION 1. If, when the Bonds shall have become due and payable, either at maturity, when called for redemption, by declaration or otherwise, the Company shall well and truly pay or cause to be paid the whole amount due on all Bonds and coupons then outstanding for principal (and premium if any) and interest, or at any time shall deliver to the Trustee for cancellation all of the outstanding Bonds and coupons, and also shall pay or cause to be paid all of the sums payable hereunder by the Company, and shall well and truly keep and perform all of the things herein required to be kept and performed by it ac-

Upon payment in full by Company of all obligations, Trustee to return property and execute satisfaction piece.

cording to the true intent and meaning of this Indenture, then and in that case the Trustee shall without further action on the part of the Company assign, transfer and deliver to the Company, or to any other person, firm or corporation, by the Company designated to receive the same, which designation shall be by resolution of the board of directors of the Company, a certified copy of which shall be delivered to the Trustee hereunder, all trust estate or proceeds thereof which may be held by it as Trustee hereunder, and all property, tangible and intangible, rights and interest hereby conveyed or pledged, or which may hereafter be conveyed or pledged, shall revert to the Company and the estate, rights, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Company, at its cost and expense, shall execute proper instruments acknowledging satisfaction of this Indenture.

## ARTICLE XII.

### CONCERNING CONSOLIDATION, MERGER AND SALE.

Company  
may con-  
solidate.

SECTION 1. Nothing in this Indenture contained shall prevent the consolidation or merger of the Company with or into any other corporation, or prevent any consolidation or merger with or into the Company, of any other corporation, or prevent the sale by the Company of its property as an entirety, provided that any such consolidation, merger or sale, shall be subject to the lien of this Indenture and on such terms as to preserve and not to impair the lien or security thereof, or any of the rights and powers of the Trustee or of the holders of the Bonds, and that any successor corporation formed by or result-

ing from such consolidation or merger, or any corporation to which such sale shall be made, shall, as a part and condition of such consolidation or merger, and as a part of the purchase price for the sale of the property of the Company as an entirety, expressly assume in writing the due and punctual payment of the principal and interest of all the Bonds, and the observance and performance of all the covenants and conditions of this Indenture, and shall, simultaneously with the consummation of such consolidation, merger or sale, or simultaneously with the delivery to it of the conveyances for the property of the Company as an entirety, if such conveyances be delivered prior to the consummation of such consolidation, merger or sale, execute and deliver to the Trustee a proper indenture, in form satisfactory to the Trustee, whereby such corporation formed by or resulting from such consolidation or merger or such corporation to whom such sale shall be made, shall so assume the due and punctual payment of the principal and interest of all the Bonds, and the observance of all the covenants and conditions of this Indenture and charge therewith the trust estate taken over.

SECTION 2. In case the Company shall be so consolidated with or merged into any other corporation, or in case any corporation shall be consolidated with or merged into the Company as aforesaid, or in case of a sale of the property of the Company as an entirety, the corporation formed by or resulting from such consolidation or merger, to which such sale shall have been made, upon executing and causing to be delivered an indenture to the Trustee, whereby such corporation shall assume the due and punctual payment of the principal of, and interest

Consolidated company to assume obligations under this Indenture.

on, all the Bonds then or at any time thereafter outstanding, or herein provided to be issued, and the performance of all the covenants and conditions of this Indenture, and shall charge therewith the properties taken over, shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as party of the first part hereto, and such corporation may thereupon, subject to the provisions hereof, cause to be signed and sealed, and may issue, either in its own name or in the name of the Company, any or all of the Bonds which shall not theretofore have been signed and sealed by the Company and delivered to the Trustee, and upon the order of such corporation, in lieu of the Company, and subject to all the terms, conditions and restrictions herein prescribed, the Trustee shall authenticate any and all Bonds which shall have been previously signed and sealed by the officers of the Company, and delivered to the Trustee for authentication, and any of such Bonds which such corporation shall thereafter cause to be signed and sealed and delivered to the Trustee for that purpose, and deliver the same to such corporation or upon its order. All Bonds so issued shall in all respects have the same legal security rank and validity as the Bonds theretofore or thereafter issued in accordance with the terms of this Indenture as though all of the Bonds had been actually issued by the Company as of the date of the execution hereof.

### ARTICLE XIII.

#### DEFINITIONS AND MISCELLANEOUS PROVISIONS.

Company's  
successors  
and assigns  
bound,

SECTION 1. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in be-



half of the Company, shall bind its successors and assigns, whether so expressed or not.

SECTION 2. The word "Trustee" means the trustee to whom this Indenture is executed or its successor in the trust. The words "Trustee," "Bond," "Bondholder" and "holder" shall include the plural as well as the singular number, unless otherwise expressly indicated. The word "holder" means the bearer, or as to any registered Bond the registered owner. The word "coupons" refers to the interest coupons attached to the Bonds. The word "person" used with reference to a Bondholder, shall include associations or corporations. The words "trust estate" shall, unless otherwise expressed or indicated, be held and construed to mean the property of the Company of every kind and nature and all property and every right or interest which is or may become subject to the lien of this Indenture. The word "Company" includes and means not only the party of the first part hereto, but also its successors and assigns, including any corporation with which or into which it may be consolidated or merged or to which it may sell its properties as an entirety for the purpose of reincorporation. The words "Trust Deed" include and mean any and all supplements hereafter made to the Trust Deed in accordance with the provisions thereof, as well as any supplements heretofore made to the Trust Deed of 1913 hereinbefore specifically mentioned. The words "Trustees under the Trust Deed" shall include and mean Prudential Trust Company Limited and/or Royal Exchange Assurance, as the case may be, whenever rights, powers or duties are conferred upon or given to them or either or both of them under the Trust Deed.

Definitions.



This Indenture executed in several counterparts.

SECTION 3. In order to facilitate the recording, filing and/or registering of this Indenture, the same may be executed in several counterparts, each of which shall be deemed an original; and such counterparts shall constitute but one and the same instrument.

Rights are hereby conferred only on parties hereto and holders of Bonds.

SECTION 4. Nothing in this Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the parties hereto and the holders of the Bonds, any right, remedy or claim, under or by reason of this Indenture, or any covenant, condition, stipulation or agreement hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of the Company shall be for the sole and exclusive benefit of the parties hereto and of the holders of the Bonds.

Notices to Company.

SECTION 5. Any and all notices provided to be given under the terms of this Indenture to the Company shall be deemed duly given when placed in a sealed envelope postage prepaid and addressed to the Company at its principal office in the City of Montreal, Dominion of Canada or at such other place in said City of Montreal as the Company may from time to time designate in a writing addressed and delivered personally to the Trustee at its principal office in said City of Montreal.

Testimonium.

IN WITNESS WHEREOF, CANADA STEAMSHIP LINES, LIMITED, has caused this Indenture to be signed by its President or a Vice-President and its corporate seal to be hereunto affixed and attested by its Secretary or an Assistant Secretary, and MONTREAL TRUST COMPANY has caused this Indenture to be signed by one of its Directors

and by the Manager and its corporate seal to be hereunto affixed, as of the day and year first above written.

[ Seal of  
Canada Steamship  
Lines, Limited ]

CANADA STEAMSHIP LINES, LIMITED,

by

J. W. NORCROSS,

Vice-President.

F. PERCY SMITH,

Secretary.

Signed, sealed and delivered by }  
Canada Steamship Lines, Limited, }  
in the presence of:

F. S. ISARD

R. B. THOMSON

[ Seal of  
Montreal Trust  
Company ]

MONTREAL TRUST COMPANY,

by

F. G. DONALDSON,

a Director.

W. S. GREENE,

the Manager.

Signed, sealed and delivered by Mon- }  
treil Trust Company, in the pres- }  
ence of:

M. R. BYRNE



## SCHEDULE A

## MEETING OF BONDHOLDERS

1. CANADA STEAMSHIP LINES, LIMITED (herein called "Company") and MONTREAL TRUST COMPANY (herein called "Trustee"), the parties to the foregoing Indenture, dated as of the first day of May, 1922, may respectively at any time convene a meeting of the Bondholders which shall be held in the Borough of Manhattan, in the City and State of New York, unless the Trustee and the Company, with the written consent of holders of at least one-fourth in amount of the Bonds described in the Indenture at any time outstanding agree that same be held elsewhere. Whenever the Company is about to convene any such meeting it shall forthwith give notice in writing to the Trustee of the place, date and hour thereof and of the general nature of the business to be transacted thereat. The Trustee shall call a meeting of Bondholders at any time upon a requisition in writing of the holders of one-fourth or more in amount of Bonds for the time being outstanding.

2. At least ten days notice to the Bondholders specifying the place, day and hour of the meeting and the general nature of the business to be transacted thereat shall be given previously to any meeting of the Bondholders. Such notice shall be given by the Company or by the Trustee by publication in one daily newspaper of general circulation published in the Borough of Manhattan, in the City and State of New York, United States of America, and in one daily newspaper of general circulation published in the City of Montreal, Dominion of Canada, and in one daily newspaper of general circula

Meeting of  
Bondholders.

Notice of  
meeting to  
Bondholders.

tion published in the City of Toronto, in said Dominion, at least twice in the ten days preceding the date for such meeting, (in each instance on any day of the week) and shall also cause a similar notice to be mailed first class postage prepaid at least ten days prior to the date for such meeting to each registered owner of Bonds whose address appears on the transfer register, but such mailing shall not be a condition precedent to the calling and holding of such meeting and failure so to mail any such notice shall not affect the validity of the meeting or any proceedings had thereat.

**Quorum.** 3. At any such meeting persons present in person or by proxy and holding at least a majority in principal amount of the Bonds for the time being outstanding shall form a quorum for the transaction of business and no business shall be transacted at such meeting (other than the convening and adjournment thereof) unless the requisite quorum be present at the commencement of business.

**Chairman and Secretary.** 4. Some person chosen by the Trustee shall be entitled to take the chair at every such meeting and if no such person is nominated or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting, the Bondholders present shall choose one of their number to be chairman. A secretary of the meeting may be similarly chosen.

**Trustee and Directors may attend.** 5. The Trustee and its solicitors or solicitor and any Directors of the Company may attend at any meeting of Bondholders.

**When quorum is not present.** 6. If within half an hour from the time appointed for any meeting of the Bondholders a quorum as aforesaid

is not present, the meeting shall stand adjourned until the same day in the next week at the same time and place, and if at such adjourned meeting a quorum is not present the Bondholders present shall be deemed to constitute a quorum and may transact any business which a meeting of Bondholders is competent to transact.

7. Every question submitted to a meeting of the Bondholders, except powers exercisable by extraordinary resolutions, shall be decided by a majority vote; and the result of votes on all questions and powers, including extraordinary resolutions, shall be decided in the first instance by a show of hands, and in case the count of votes shall be one less than the required majority the Chairman shall, both on a show of hands and at the poll, have a casting vote, in addition to the vote or votes (if any) to which he may be entitled as a Bondholder.

8. At any meeting of the Bondholders unless a poll is demanded by the chairman or at least three Bondholders, a declaration by the chairman that a resolution has been carried, or carried by a particular majority, or lost, or not carried by a particular majority, shall be conclusive evidence of the fact.

9. If at any meeting of Bondholders a poll is demanded as aforesaid, it shall be taken in such manner, and either at once or after an interval or adjournment or otherwise, as the chairman directs, and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

10. The chairman may, with the consent of any such meeting, adjourn the same from time to time and from place to place.



When poll  
taken before  
adjourn-  
ment.

11. Any poll demanded at any such meeting on the election of a chairman, or on any question of adjournment, shall be taken at the meeting before adjournment.

Holders of  
bearer bonds  
only recog-  
nized.

12. At any meeting of Bondholders, the respective holders of Bonds not registered as to principal as provided in the Indenture, and no other person or persons, shall be recognized and treated as the legal owners of such Bonds, whether such holders are or are not, in fact, the owners thereof; and such holders shall accordingly be exclusively entitled to vote in respect thereof.

Concerning  
registered  
Bonds.

13. The ownership of Bonds registered as to principal shall be proved by the register of such Bonds. The registered owner of Bonds registered as to principal as provided in the Indenture, or in a case of joint registered owners that one whose name stands first on the register as one of the owners thereof, shall be entitled to vote in respect of such Bonds either in person, or by proxy who need not be a Bondholder, but every instrument appointing a proxy must be in writing under the hand of the appointer Bondholder as aforesaid, and in the case of a corporation under its common seal, and every such proxy must be in the form or to the effect following, that is to say:

“CANADA STEAMSHIP LINES, LIMITED.

I, of  
a Bondholder of Canada Steamship Lines, Limited,  
hereby appoint of  
or failing him of  
to vote on my behalf at a meeting of the Bond-

holders of said Company which is to be held on  
the                      day of                      , and  
at any adjournment thereof.

“Witness my hand, this              day of                      .”

14. The fact of ownership of any Bondholder of Bonds not registered as to principal and the amount and number of any such Bonds and the date of his ownership of the same may be proved by a certificate executed by any trust company, bank, bankers or other depositary (wherever situated), showing that at the date therein mentioned such person had on deposit with such trust company, bank, bankers or other depositary the Bonds described in such certificate, and, if such certificate shall be deemed by the Trustee to be satisfactory, the bearer of such certificate will be entitled to be present and vote at any meeting of Bondholders in respect of the Bonds mentioned in such certificate so on deposit, and such ownership may be deemed for the purposes of this Schedule A to continue until written notice to the contrary is served upon the Trustee. The person in whose favor such certificate shall have been so issued may be represented at any meeting of the Bondholders by proxy, which proxy need not be a Bondholder. All such certificates and proxies authorized by this Schedule A must during the meeting be on deposit with the Chairman of the meeting and subject to the inspection of the Trustee.

Ownership  
to be proved  
by certificate.

15. At every meeting of Bondholders, each Bondholder shall on a show of hands be entitled to one vote only, but at a poll he shall be entitled to one vote in respect of every

Votes.

principal sum of \$100 of Bonds held or represented by him as aforesaid.

Powers by  
extraordi-  
nary resolu-  
tion.

16. Any meeting of the Bondholders shall in addition to the powers hereinbefore given have the following powers exercisable by extraordinary resolution, namely:

(a) Power to authorize and approve and to direct the Trustee (subject to the Trustee being indemnified satisfactory to it) to enter into any indenture or indentures supplemental to the Indenture in accordance with Article VII of the Indenture.

(b) Power to do or to authorize and direct to be done any and all things whatsoever in connection with the Indenture, the Bonds and/or the trust estate not inconsistent with the terms and provisions of the Indenture and the Bonds or in conflict with the rights of holders of Bonds and subject to the Trustee being indemnified to its satisfaction.

(c) Power generally to take any action and pass any resolution, including an extraordinary resolution, in any case where in the Indenture reference is made to an extraordinary resolution passed by the Bondholders in accordance with this Schedule A.

Extraordi-  
nary resolu-  
tion binding.

17. Any resolution including an extraordinary resolution passed at a general meeting of the Bondholders duly convened and held in accordance with the Indenture or this Schedule A shall be binding upon all the Bondholders, whether present or not present at such meeting, and each of the Bondholders shall be bound to give effect

thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine, without appeal, whether or not the circumstances justify the passing of such resolution.

18. The expression extraordinary resolution when used in the Indenture or in this Schedule A means a Definition of extraordinary resolution. resolution passed, at a meeting of the Bondholders duly convened and held in accordance with the provisions of this Schedule A, by a majority consisting of holders of not less than three-fourths in principal amount of Bonds, present in person or by proxy, voting thereat upon a show of hands, or, if a poll is duly demanded, then by a majority consisting of not less than three-fourths of the votes given on such poll as herein provided.

19. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Trustee at the expense of the Company, and any such minutes as aforesaid if purporting to be signed by the chairman or secretary of the meeting at which such resolutions were passed or proceedings had, or by the chairman or secretary of the next succeeding meeting of the Bondholders, or a copy thereof, or of any extraordinary resolution therein contained, acknowledged as a true and complete copy of such minutes or such extraordinary resolution, as the case may be, by any such chairman or secretary before any officer in any jurisdiction who by the laws thereof has power to take Minutes and proof.

acknowledgments within such jurisdiction, shall be with reference to all matters therein contained conclusive evidence and ample direction, request and authority to all to whom such minutes or such acknowledged copy may be shown or delivered, including the Trustee and the Company, and may be freely relied and acted upon, and, until the contrary is proved, every such meeting in respect to the proceedings of which minutes have been made shall be deemed to have been duly held and convened, and all resolutions passed thereat, or proceedings had, to have been duly passed and had.

Witnesses:

[ Seal of  
Canada Steamship  
Lines, Limited ]

CANADA STEAMSHIP LINES, LIMITED,

J. W. NORCROSS,

Vice-President.

F. S. ISARD

R. B. THOMSON

F. PERCY SMITH,

Secretary.

[ Seal of  
Montreal Trust  
Company ]

MONTREAL TRUST COMPANY,

For identification

F. G. DONALDSON,

a Director.

M. R. BYRNE

W. S. GREENE,

the Manager.

## DEPARTMENT OF THE SECRETARY OF STATE OF CANADA.

I HEREBY CERTIFY that a Trust Deed of Pledge, Hypothecation and Mortgage creating a mortgage or charge dated as of the First of May, 1922, and made between "Canada Steamship Lines Limited", of the One Part, and Montreal Trust Company, of the Other Part, securing an issue of \$6,000,000 Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds and interest and other moneys as in the said Trust Deed of Pledge, Hypothecation and Mortgage provided has been duly registered in the Department of the Secretary of State of Canada.

GIVEN under my hand at the City of Ottawa.

P. PELLETIER,

[SEAL]

Acting Under-Secretary of State.





## BY-LAW "F".

BY-LAW "F" OF CANADA STEAMSHIP LINES LIMITED, BEING A BY-LAW TO AUTHORIZE THE CREATION AND ISSUE OF TWENTY YEAR FIRST MORTGAGE COLLATERAL SINKING FUND SEVEN PER CENT. GOLD BONDS OR BONDS OF SUCH OTHER DESIGNATION AND DESCRIPTION AS THE DIRECTORS MAY CONSIDER ADVISABLE FOR AN AGGREGATE AMOUNT NOT EXCEEDING SIX MILLION DOLLARS (\$6,000,000) PRINCIPAL AMOUNT WITH INTEREST AT THE RATE OF SEVEN PER CENT. PER ANNUM, ENACTED AT MEETING OF DIRECTORS OF THE COMPANY HELD AT THE OFFICES OF THE COMPANY MONTREAL ON THE TWENTY-FOURTH DAY OF APRIL, 1922.

WHEREAS it is advisable for the purposes of the Company to create and issue an aggregate amount not exceeding Six Million Dollars principal amount of Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds or Bonds of such other designation and description as the Directors may consider advisable:

## RESOLVED:—

THAT the Directors of the Company be and they are hereby authorized and empowered on behalf of the Company to create and issue at such time or times as they consider advisable the Company's Twenty Year First Mortgage Collateral Sinking Fund Seven Per Cent. Gold Bonds or Bonds of such other designation and description as the Directors may consider advisable either in

Canadian Currency or Gold, or United States Currency or Gold or in both, and to secure same by mortgage, pledge, hypothecation, lien and/or transfer of or upon an amount not to exceed \$8,400,000. par value of the Company's First Mortgage Five Per Cent. Debenture Stock and/or Bonds, and if the Directors consider advisable of and upon such other assets of the Company as the Directors may consider proper and to sell and dispose of the Bonds so created and issued either in whole or in part, at such times and upon such terms and conditions as the Directors may consider proper, and to pledge or hypothecate same, or any part thereof, likewise at such times and upon such terms and conditions as the Directors may consider proper, and upon the release of such Bonds to repledge same or dispose of same and otherwise deal with same as fully as if same had not been already issued, and in connection therewith to enter into a Trust Deed or Deeds with such Trustee or Trustees as may be chosen for such purpose, said Trust Deed or Deeds to contain such provisions with reference to redemption, Sinking Fund, release of security pledged and other matters and such terms and conditions generally as the Directors may likewise consider proper as also to execute such pledges, liens, hypothecations and/or transfers of and upon such First Mortgage Five Per Cent. Debenture Stock and/or Bonds, or any part thereof, and of and upon such other assets and execute generally such other documents and instruments as may be considered proper in connection with the creation and issue of said Bonds and the securing of same in accordance with the terms of this By-Law and of the Trust

Deed or Deeds to be entered into, as aforesaid, and generally to do all such matters and things and to authorize the execution of all such deeds and documents as the Directors in their discretion may deem necessary or advisable for the purpose of carrying out and giving effect to the present By-Law.









UNIVERSITY OF ILLINOIS-URBANA



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